BESTON
GLOBAL FOOD COMPANY

2017 ANNUAL REPORT

CORPORATE DIRECTORY

BESTON GLOBAL FOOD COMPANY LIMITED	ACN 603 023 383
Annual Report for the period ended 30 June 2017	

INCORPORATION

Incorporated in Australia on 24 November 2014

DIRECTORS

Roger Sexton	Chairman
Stephen Gerlach	Non-Executive Director
Catherine Cooper	Independent Non-Executive Director
Petrina Coventry	Independent Non-Executive Director
Jim Kouts	Independent Non-Executive Director
Ian McPhee	Independent Non-Executive Director

CEO

Sean Ebert

COMPANY SECRETARY

Richard Willson

REGISTERED OFFICE

Level 9, 420 King William St, Adelaide, South Australia 5000 +61 (0)8 8470 6500

PRINCIPAL PLACE OF BUSINESS

Level 9, 420 King William St, Adelaide, South Australia 5000 +61 (0)8 8470 6500

SHARE REGISTER

Link Market Services

Tower 4, Collins Square, 727 Collins St, Melbourne, Victoria 3008 +61 (0)3 9200 4555

Beston Global Food Company Limited shares are listed on the Australian Stock Exchange (ASX)

LEGAL ADVISORS

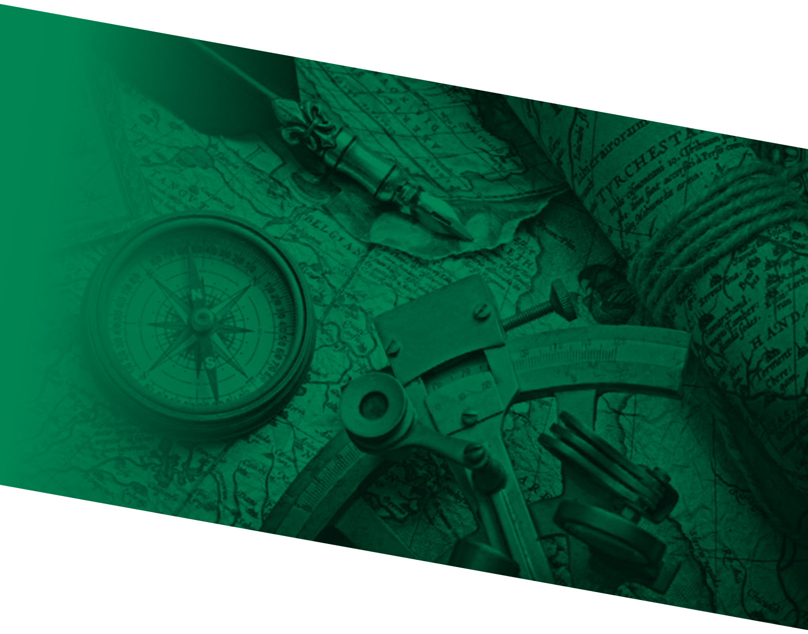
Minter Ellison

AUDITORS

Ernst & Young Australia

CONTENTS

CHAIRMAN'S REVIEW



In September this year, Beston Global Food Company Limited (BFC) celebrated its second year since listing on the Australian Securities Exchange. The prime objective of BFC is to be a leading manufacturer, exporter and distributor of premium safe and healthy Australian food and beverage products for supply to the world's growing consumer market.

Since listing, the Company has evolved from an Australian based agri-business with a portfolio of investments in the dairy, seafood, meat and health and nutrition industries to a globally focussed food business offering a diversity of healthy, nutritious and safe food and beverage products to markets in Asia and China in particular, as well as to other parts of the world. Substantial progress has been made over the past two years across a broad range of areas in the Company to position the Company with the momentum for sustainable earnings growth, going forward.

RESULTS ACHIEVED

The statutory NPAT loss result (of $7.7 million) reported at 30 June 2017, whilst disappointing, masks the very real achievements which have been made in the Company over this past financial year. It has been a year earmarked by a 49% overall growth in revenues (reflecting positive sales growth both in Australia and the ASEAN region), the further build-out of our dairy division, the commercialisation of our OZIRIS and anti-counterfeiting and traceability technology platform and investment in our infrastructure and people.

The first half of the 2016-17 financial year was negatively impacted by two key events: a lower than expected level of milk production on our own farms (as well as on our contracted dairy farms) because of the exceptionally wet winter and lower than expected sales in China.

Given the loss incurred in the first half of the financial year, the Board of Directors was faced with a choice: either to pull back on all capital expenditures, infrastructure development, brand and market building and other growth initiatives in order to achieve a short-term profit and pay a dividend or continue to stay the course to build out the company and increase long-term shareholder value.

The Board and Management resolved to stay the course in order to achieve the "build-out" objectives of the Company as quickly as possible and be in a position to take advantage of the opportunities emerging from the transformation of the dairy industry supply chain in Australia sooner rather than later. The Board formed the view that this decision, even at the risk of incurring an overall loss for the year, and therefore not being in a position to pay a dividend to shareholders (which was in fact the end result) would better serve the interest of shareholders in the long term.

The Board, and management, considered that the work which had been done to achieve sales growth would better position the Company to deliver both the short-term objectives of profits and dividends and the longer-term objectives of value creation. And, until late in the financial year, it seemed apparent that both objectives would be achieved, that is:

- Group Sales revenues increased by 49%
- Sales revenues in Asia increased by over 200%

Notwithstanding the enhanced performance in the second half, some delays in the closing of several major strategic supply contracts (which remain in negotiation) and losses incurred in our investee companies impacted on our revenue momentum to the point that the growth in sales and margins was not sufficient to offset the expenditures incurred in association with our various growth initiatives, including the purchase of additional milk (via the signing of contracts with independent dairy farmers), investment in brands, market development activities and other non-capitalised factory refurbishment expenditures associated with the installation of the new mozzarella production facility.

When this became apparent, the Board issued a "Company Update" to the ASX on 19 June 2017 in order to keep shareholders fully informed.

The decision to "stay the course" has produced a number of important outcomes which can be expected to translate into increased earnings and enhanced shareholder wealth as we progress forward.

Our commitment, for example, to producing only the best possible quality cheese from our farms and factories has produced 24 prestigious awards, including the Christian Hansen Cup for the "Best Cheddar in Australia" and opened the doors to immediate new sales opportunities, such as being accepted into the product portfolio for Metcash stores across Australia. Our commitment to building our milk supply to 90 million litres as at 30 June 2017, as another example, has incurred a short-term cash cost in this financial year which will flow through to revenues and margins in FY2017-18 (milk purchased from contract dairy farmers is paid for on 30 days, processed into cheese and matured, and the cost of the milk outlays typically recouped from market sales after 9 months, consistent with industry norms).

The inventories of cheese at our dairy factories resulting from the increase milk purchases amounted to around $7 million as at 30 June 2017, all of which has been financed from operational cash flows without accessing debt.

TRANSFORMATION OF SUPPLY CHAIN

The dairy industry in Australia has been undergoing significant upheaval in recent years, triggered by the decisions taken by several of the large commodities based producers to reduce farm gate prices to dairy farmers from mid 2016. The fallout from these decisions is transforming the supply chain with many dairy farmers severing their loyalty to long-term milk buyers and owner cooperatives.

The timing of this upheaval has worked in favour of BFC as we have sought to ramp up the throughput of milk at our dairy factories at Murray Bridge and Jervois. Having acquired the former business of United Dairy Power (UDP) at a price significantly below replacement value in 2015, the future success of this business, and its underlying performance, was always going to be directly related to the amount of milk which we are able to process at the plant.

Against the background of the previous ownership of UDP and the upheavals occurring elsewhere in the dairy industry, it became a challenge to bring milk to our factories over and above the milk supplied by our own farms.

Through a number of initiatives, as explained in this Annual Report, and by having a conservatively structured balance sheet, we have been able to gradually build the milk supply to the Beston Pure Foods factory at Murray Bridge over the past twelve months to 90 million litres on an annualised basis (not including any milk volumes associated with toll manufacturing). Commitments in place with independent dairy farmers for the supply of milk in conjunction with the start-up of our new Mozzarella plant will take the total volume of milk to at least 130 million litres per annum by the second half of 2017-18.

FOOD SAFETY AND BESTON TECHNOLOGIES

There is an increasing shift by consumers around the world to have greater understanding about the composition of the foods they are looking to purchase and eat. A related trend is the increasing concern of consumers about food safety, counterfeiting and ethical considerations in the manufacture of food. Much of these concerns about food integrity and food safety have been driven by social media.

After numerous food scandals in China in recent years, consumers in China for example are now very aware of the need to be able to verify the origin and authenticity of the foods they are about to put in their mouths. A recent survey found that 84% of Chinese consumers said that it was "extremely or very important to know where food comes from"

("Food Forward" Trends Report, Weber Shandwick 2014). The same survey found similar results in other countries in Asia with 90% of consumers in Korea and 82% of those in Singapore expressing concern about the sourcing and integrity of the foods they eat.

A recent report prepared by the CSIRO ("Food and Agribusiness: A road map for unlocking value-adding growth opportunities for Australia", July 2017) notes that food fraud costs the global food industry an estimated USD 40 billion each year with the United States (29.8%), China (13.6%) and India (12.6%) being the largest sources of fraudulent production. As a consequence of rising product fraud, the report observes that overseas consumers are driving a demand for increased traceability and authenticated provenance claims:

"Trust is a critical factor for export markets. Traceability systems provide the opportunity for Australian agribusiness… to effectively leverage the nations clean and green reputation…". (page 36).

The solution to providing assurance of provenance and transparency around product ingredients is what we have achieved with our BFC OZIRIS technology. A fundamental component of our Beston Global Foods business model, from the outset, has been to provide the consumers of our products with the capacity to both identify and trace the source of the ingredients in our products and provide the consumer with assurance around the authenticity and quality of the product (in other words, empower consumers with the ability to ensure that the product they are about to purchase is nutritious, healthy, safe and true to label).

With the value of the global counterfeit market in 2015 at USD $1.7 trillion and expected to reach USD $2.3 trillion by 2022, the importance of traceability and anti-counterfeit technology is expected to become more prevalent for global companies producing food and beverages, or indeed any other consumer product. Our Beston Global Foods OZIRIS technology platform has been positioned to provide security for consumers and also offer "big data" analytics to businesses on their customers.

Over the past twelve months, we have further developed the technology to the point where BFC now holds 11 International Patents or Patents Pending (up from 3 Patents or Patents Pending at 30 June 2016) in our wholly owned subsidiary company, Beston Technologies Pty Ltd.

The Board has had the intellectual property embodied in this technology independently valued by Deloittes Financial Advisory and is now exploring various options to best enable the Company, and our Shareholders, to capitalise on the value of the intellectual property that has been developed in Beston Technologies Pty Ltd.

CHINA

Despite some setbacks along the way in the development of our revenue base in China since listing (which have been exacerbated by instances of non-performance against contract, as previously reported), the Company has "stayed the course" with its objectives in China, as part of its long-term view on this important, and rapidly growing market.

The Chinese economy is rapidly transitioning from being investment-driven to being consumer-driven as part of the Central Government's long-term growth strategy.

The refocussing to a consumption based economy has taken household consumption spending in China to around 60% of GDP (similar to Japan) and is being reflected in increased household spending on imported products, particularly food. With more money in their pockets, Chinese consumers are now demanding more protein. Chinese seafood consumption per capita for example, has tripled over recent years and now demands around 60% of global aquaculture output. China has also become the worlds' top meat eating nation (accounting for around 31% of global meat consumption in 2014). The consumption of dairy products has also increased dramatically in recent years and China is now the largest consumer of bottled water in the world.

In short, we are seeing one of the strongest periods of growth in demand for imported agricultural products into China since the end of the cultural revolution in 1976. Australia is half way through the four year transition period of the China Australia Free Trade Agreement (ChAFTA) and the experience of New Zealand (which has completed its transition to a zero tariff regime in China for most dairy products) suggests that the rewards from being properly positioned in the market, post transition, are considerable.

BFC implemented its "direct-to-market" model in China in FY2016 and during FY2017, has gradually transitioned its customer base by building relationships with large Chinese retailers (such as Walmart China) to create long term, sustainable orders that can deliver consistency of earnings and higher margins.

BFC is now supplying its cheese and water products into Walmart China and other supermarket chains and launched its first "Beston Food Pod" in Provincial Food Stores in Shanghai in September. The strategy is to provide direct-to-customer brand and product awareness and position Beston Global Food products as premium quality, safe, healthy and authentic food and beverage products in the minds of Chinese consumers.

LOOKING FORWARD

The past two years since listing has been a fast-paced journey in our quest to become a leading Australian food producer with a focus on rapidly growing export markets. BFC has shown itself to be light on its feet and able to adapt quickly to the changing dynamics in these markets, through an in-house culture of agility and innovation.

What we have done, over these past two years, is to put in place the framework for a growing and sustainable business that creates long term value for our shareholders. The framework embodies a number of different business "cells" that are expected to deliver compounding revenue and profit returns over time.

In the short-term, this revenue and profit growth will come from our Dairy Division. Over this past twelve months, we have built trust with the dairy farming community through various initiatives and increased the milk supply to our factories from 20 million litres to 90 million litres per annum currently. The Dairy Division was always going to be a "throughput game" and we are now well on our way to realising the potential from this 300 million litre capacity plant. Having bought these assets at prices substantially below market, the key to realising near-term value from the assets has been all about building milk throughput and sales, which we are now achieving through our efforts on both the supply side (winning contract dairy farmers) and the demand side (winning National Dairy Industry Awards to establish the premium quality reputation of the outputs). We believe that we have established a competitive advantage for our Dairy Division over 2016-17 financial year via our mid-size positioning, brand names, industry awards and distribution channels.

During the 2017-18 financial year we will continue to progress a number of growth initiatives as part of placing the Company on a stronger trajectory for sustained earning growth. These include the securing of further milk supply for the Dairy Division, evaluating the establishment of a Dairy Farm Real Estate Trust (DF-REIT) with an estimated capital of $100 million to enable the acquisition of additional farms and exploring the potential for realising a part of the value developed in the OZIRIS traceability, anti-counterfeit and brand protection platform held in BFC Technologies.

CLOSING REMARKS

On behalf of the Board, I would like to acknowledge and thank the management and staff for their efforts and achievements during the year. Our achievements would not have been possible without the enormous hard work and dedication of our people.

To our shareholders, we thank you for your support over this past year and look forward to your ongoing support as we continue to grow and enhance the value of your Company. The interests of our shareholders has, and always will, remain our priority and take precedence (as shown by our various actions to date) over the interest of management.

Finally, and at a personal level, I would like to pay tribute to the Board of Directors. I am very fortunate to have a very talented group of individuals as fellow Directors who have quite different, but complementary skill sets. The Company has experienced a very busy year, at all levels, and I thank the Board for their hard work, personal contributions and support during this time.

CHIEF EXECUTIVE'S REVIEW

I am pleased to report on the operational performance of our Beston Global Food Company for the financial year 2016-17.

The Company experienced pleasing results in terms of revenue growth, delivering Group Sales (excluding investee companies) of $24 million, up by 49% on the prior year.

The bottom line performance of the Company produced a statutory net loss after tax of $7.7 million which was significantly down on the prior year (it should be noted that the prior year represented 10 months of trading as a public company, after listing on the ASX on 28 August, 2015.)

The principal reasons for the statutory loss result relate to the significant expenditures incurred across all divisions of the Company as a consequence of the on-going investments which were made in infrastructure, new brands and geographic sales location, the securing of additional milk supply (to the current annualised 90 million litres excluding toll manufacturing, an increase of 300% on the prior year) and the move into a greater number of SKU's with higher value products.

In less than two years since listing, we have developed, and consolidated, our business around five core operating divisions: Dairy, Meat and Seafood, Health and Nutrition, International and Technology. The operating result of each of these divisions is discussed below.

DAIRY

The Dairy Division delivered a strong sales growth of over 150%, which was also reflected in a $1.4m profit improvement from the prior year. The growth in sales was bolstered by investment in the development and launch of the Edwards Crossing Cheese Brand with a strong range of 'every day premium' retail products launched into Independent Grocery retailers across Australia together with the launch of the Beston Pure Foods branded food service and ingredient range.

Our focus on producing the highest standards of quality in our dairy products under our new "Edwards Crossing" brand recently resulted in the Company winning a series of awards with the most prestigious being the Christian Hansen Cup for the 'Best Cheddar in Australia' at the National Dairy Industry Association of Australia Awards along with an additional 18 gold and silver medals.

The high quality of our Cheddar was also recognised at the International Cheese awards in Nantwich (UK) by being awarded the 'Best Australian Cheese- Cheddar (mild).

We completed the acquisition of the remaining assets and brands of Australian Provincial Cheese (APC) during the year and relocated the production assets of APC from Victoria to our Murray Bridge facility. Through this relocation, we have been able to increase the production of our "Mable's" and "Grange Peak" range of cream cheeses by 100%. Sales growth of these cheeses increased in the last quarter following the launch of the Mable's product range into Independent Grocers in Australia, new retailer contracts with Lotus Shanghai in China, and growth in ASEAN distribution channels mainly in Thailand, Singapore and Malaysia.

The focus of the new infrastructure investment made in the Dairy Division during the year has been mainly in three areas:

- Preparatory construction work for the installation of our new $26m state-of-the-art Mozzarella Plant at Jervois.
- Recommissioning of the hard cheese line to produce parmesan, tilsit and raclette premium varieties.
- Various productivity improvement on our farms to increase operational efficiencies and further enhance the quality of the milk product.

In the second half of the year we invested heavily in the signing of new contracts with independent dairy farmers to increase our security and availability of milk supply. The supply of milk to our factories has increased from 20 million litres per annum at the start of the year to 90 million litres per annum as at 30 June 2017, an increase of 300%.

The contract arrangements put in place will see this milk supply increase to over 150 million litres over the 2017-18 financial year as our mozzarella plant comes on line and will ensure that the Division has sufficient milk supply to support our anticipated growth in sales.

MEAT AND SEAFOOD

The Meat and Seafood Division delivered lower than planned growth during the year. In part this was due to shortfalls on sales against budget in China because of changes in the complex regulations governing meat and seafood imports to the country:

- The Chinese Government changed the scientific definitions on a number of seafood species part way into the year which meant that the export of our primary seafood exports and several other fish types from Australia (and from Ferguson Australia) were stopped completely for a period of around six months.
- Quarantine restrictions imposed by the Chinese Government presented challenges in progressing our ready-to-eat meat contract manufacturing.

To moderate the revenue effects of these regulatory changes in China, we established a market for Australian retail frozen beef cuts (non-processed) and secured a new contract partner in country to provide both retail ready frozen packs under the BFC brand and deliver our retail ready range of ready-to-eat meals under licence which are now on track and expected to be released into supermarkets in China in the coming months.

Our meat operations at Scorpio Foods achieved a number of new contracts in other markets during the year with the launch of its "Yarra Valley" range of products into the retail giant, Spinneys, in the Middle East and the launch into ALDI in selected states across Australia under the ALDI Farmwood homebrand.

BFC management have been actively involved at Scorpio during the year in instituting a number of productivity improvements which has resulted in significant production cost savings. Further changes are currently being implemented to enhance the efficiency of asset utilisation at Scorpio and enable output capacities to be expanded.

Seafood sales in China were opened in wholesale, food service, ecommerce and through the Hondo Agricultural Contract announced in April with a broad range of Australian seafood products. We experienced a slower than expected take up in sales due the time needed to educate the consumer market relative to other foreign imports, and tailoring the packaging and marketing messages to engage the consumer.

The sales by Hondo of Seafood products is now gathering momentum with demand and sales from a broader range of seafood products and is expected to be boosted as the ChAFTA free trade agreement tariffs on seafood products continues to decline progressively, reaching zero by 1 January 2019.

HEALTH AND NUTRITION

The Health and Nutrition Division delivered a lower than expected result due to investee company Neptune Bio-Innovation Holdings Pty Ltd (NBI) reporting less than expected revenues and profits and the expenditures incurred on the new investments made in this Division. These new investments include the expansion of the AquaEssence water bottling plant at Mount Gambier (to treble the annual production capacity) and development of products for the Singapore children's nutrition market.

As part of its business strategy, in the area of health and nutrition, BFC aims to be uniquely diversified and committed to delivering a range of targeted health food, beverage, supplemental nutrition and dairy protein solutions that meet the standards of both the domestic and global markets.

As a result of this strategy we have successfully rolled out our own branded "ei8ht" Volcanic Alkaline Water into Australian domestic and overseas markets; supported the launch of NBI's retail range of products; Type 2, Heart Salt, BIOLyte and La Mayo into a range of major pharmacies and supermarkets across Australia; and delivered on the Beston MindChamps Joint Venture with supply of products into Singapore Childcare Centres. In addition to these key achievements, the restart of the Dairy Protein Plant at Jervois will be an area of future opportunity for BFC earnings growth with the increased supply of liquid whey from the increased milk throughput at our dairy factories to facilitate the extraction of high value fractionated dairy proteins.

Our synergistic approach to combine the respective strengths and capabilities of our Health and Dairy Divisions with the investee company entities of BFC has resulted in the development of a number of new products.

To date this includes a specially formulated reduced fat, reduced sodium cheddar cheese designed for the children's nutrition market in Singapore and development of an additional range of heart healthy and high calcium reduced fat, reduced sodium cheddar products. We are proud to report that this innovation has been recognised at the 2017 South Australian Dairy Association Awards with the award of the Best Innovative Dairy Product for Beston Pure Reduced Sodium Cheddar. This is a unique and exceptional tasting cheese product which uses NBI's LoSal™ salt replacer.

We will endeavour to continue this success and grow the health and nutrition product portfolio to give our customers the opportunity to enjoy nutritious and high-quality foods that are better for their health.

INTERNATIONAL

In-country sales in the ASEAN region of $2.8 million during 2016-17 (up 200%) were achieved through a range of retail and food service sales channels in Thailand, Singapore and Vietnam and the opening of an office in Malaysia. The China operation delivered revenues of around $1.6m in the northern region which was around (80%) down due to the repositioning of sales operations from Dalian in northern China to the growth regions of Shanghai, Shenzhen, Fuzhou and Beijing.

As part of our repositioning moves in China, we have taken an active role in establishing agreements with Chinese retailers to take retail product direct-to-consumers through BFC experience stores within retail stores.

Our direct-to-consumer strategy in China reflects our objective to generate acceptable margins in this market as well as enable us to align future product development with market demand (as we have achieved in Thailand, for example, with the development of our Kyubu Japanese-style cheese snacks resulting from in-store customer feedback and focus groups).

During the latter part of 2016-17, we decided to tilt our direct-to-consumer sales model in China more towards a "direct/own/operate" contract model.

It was pleasing that under the new leadership in BFC China, we secured contracts with a range of China retailers which included the setup of the first BFC instore Australian food section during the transition period. This has ensured a strong start to the first half of the following financial year under the new model with the larger retailers where, in some areas, we hold a direct contract with major retailers and operate the marketing and brand promotion in store ourselves to ensure we accelerate the building of our Australian Brand Platform with Chinese consumers.

The development and launch of our direct to consumer ecommerce site 8ston.com was launched in China late in the second half of the financial year with solid early sales.

As part of increasing our coverage across ASEAN through own operated sales offices, we initiated the opening of an office in Malaysia in May 2017. In Hong Kong we have decided to appoint a number of product specific distributors so as to be able to take a broader range of products from across all of our product divisions into this market. As a result, a joint decision was made to close the Sunwah Beston Joint Venture and move to a multi-distributor arrangement.

Notwithstanding the uplift in sales performance in the ASEAN region during the year, the lower than budget results in China, coupled with the expenditures on set up of new offices, the geographic relocation and repositioning of the China business and the launch of our in-supermarket BFC experience stores resulted in a reduction in earnings for the International Division compared to the prior year.

TECHNOLOGY

Beston Global Foods has created our own proprietary technology, known as OZIRIS, which provides a uniquely integrated e-commerce platform incorporating traceability and anti-counterfeit capabilities. During this past year, we have extended the architecture of the platform to include multi-currency and multi-lingual capabilities for both the platform in Australia (bestonmarketplace.com.au) and the platform in China (8ston.com).

The opportunities for application of the technology outside of Beston Global Foods are significant, as the value of the global counterfeit market in 215 stood at USD 1.7 trillion and is expected to reach USD 2.3 trillion by 2022.

The OZIRIS technology has been recognised by its peers as leading edge, with applications in use for verification, tracking and assurance of provenance across many industry sectors, not only food.

BFC has received a number of unsolicited and confidential proposals from third parties in recent months in relation to this technology which we are currently evaluating to determine which, if any, are in the best interest of BFC shareholders.

OUTLOOK

Forecasts prepared by the United Nations and a number of leading authorities indicate that the world will need to produce twice as much food as it currently has available to meet the expected population growth by 2020. BFC is extremely well positioned to capitalise on the increasing demand for premium, clean, and safe Australian food products.

Our unique business model ensures that we can maintain our competitive advantage against some of our global competitors by owning security of supply, rapidly develop consumer brands that meet the needs of the emerging consumers, and sell as close as we can direct to the consumer with premium, healthy products which incorporate anti-counterfeit technology to provide greater assurance to our consumers globally.

We now have proven demand in Australia, ASEAN and increasingly in China across our branded product ranges. We believe that our future operating environment will be positively impacted by external market factors in Australia with the changing dynamics within the Australian dairy industry, the progressive reduction in China import tariffs and the rapid rise in consumer online purchasing of premium imported foods.

China and ASEAN are well developed markets for seafood and meat which is expected to continue to remain strong and with a trend towards branded, trusted products. We see the opportunity opening up in China and the ASEAN region also, over the next few years, for progressively increasing sales of dairy products as the younger generation picks up on the health benefits of having dairy in their diets.

Consumers universally are changing, with moves towards personalised health, an increasing role of digital technologies in product purchase and the evolution of food as medicine.

BFC is well positioned to benefit from these trends with our unique business model from farm to plate, brand protection and food traceability technology, quality of supply, and ability to sell as close as we can direct-to-the-consumer with premium products to meet the emerging demand from our customers across all our product divisions, with our high staff commitment and geographic and sales channels diversity.

EXECUTIVE SUMMARY

The results presented in this financial report reflect the operations of Beston Global Food Company Limited and its subsidiaries for the financial year 30 June 2017.

IN SUMMARY:

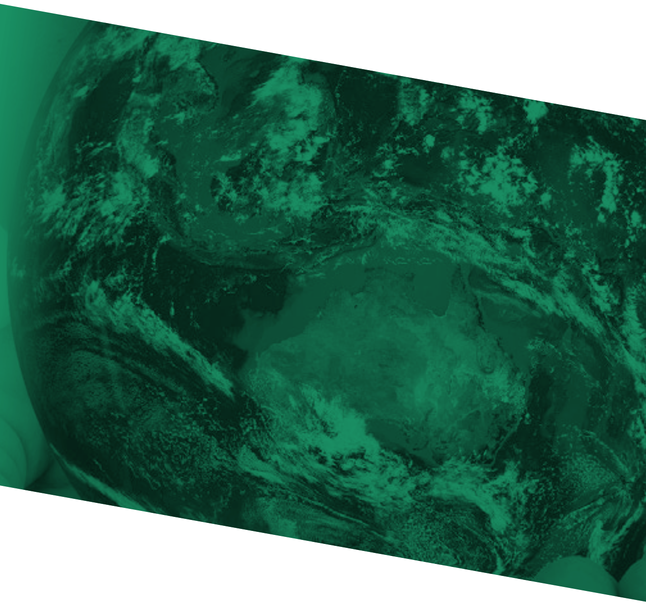
- Sales revenues have increased by 49% over the prior financial year;
- Domestic sales represent around 75% of the increased sales revenue with the balance from overseas operations.
- ASEAN sales have increased by 200% over the prior financial year due to increased Dairy sales;
- The consolidated net result after tax is ($7.7) million.
- The results reflect decisions taken by the Company to build out its infrastructure during the year and invest capital for future growth and development, including by expanding its milk supplies, production capability and product range (including mozzarella).
- The net result in FY 2017 has been impacted by investment in growth initiatives, lower milk availability for processing in the First Half and lower China sales due to repositioning of the business into sustainable growth sectors of this market.
- Underlying earnings growth is continuing to improve in line with increased milk volumes (now at 90 million litres per annum, annualised), sales market expansion and an increased product portfolio on offer.
- The increased supply of milk, coupled with the additional high value output derived from this milk as the mozzarella plant comes on stream, is expected to place the Company in a strong earnings position for FY 2018, based on prevailing milk prices.
- The Company is progressing the consideration of a number of initiatives to place BFC on a trajectory for long term sustainable growth and further value creation for shareholders.

These include:

- Evaluation of the establishment of a Dairy Farm Real Estate Investment Trust (DF-REIT) with an estimated capital of $100 million to house the Company's existing dairy farms and acquire additional farms;
- The possible divestment of an equity interest in Beston Technologies Pty Ltd, a wholly owned entity of BFC, to realise part of the value created to date in our OZIRIS technology and provide a basis for taking the technology into other markets and industry sectors.

Our unique business model ensures that we can maintain our competitive advantage against some of our global competitors.

REVIEW OF OPERATIONS



During the financial year ended 30 June 2017, Beston Global Food Company ("BFC" or "the Company) has completed a number of significant steps towards implementing its strategic plans to build long-term sustainable value for its Shareholders.

The focus during the year has been on consolidating the position of BFC as a leading manufacturer, exporter, and distributor of premium, safe and healthy Australian foods while investing in key areas of the business to ensure sustainable earnings growth going forward.

A significant achievement in this context has been in embedding our brands as a premium provider of dairy, seafood, meat and health and nutrition products to both domestic and emerging markets.

Winning the Christian Hansen Cup in the DIAA National Dairy Award for "Best Cheddar in Australia", in May 2017 in conjunction with another 18 Gold and Silver awards for our range of dairy products, was a crowning achievement for the year, after coming on the back of the Royal Horticultural Society of SA Trophy for "Champion Cheddar" which we won in September 2016.

These awards have paid dividends by affirming the Company's status as a producer of premium foods and opening doors to new sales opportunities, such as being accepted into the product portfolio for Metcash stores across Australia. The acceptance of our award-winning products into Metcash stores has also provided a basis for introducing other BFC manufactured premium food and beverage products to Metcash as well as other wholesale and retail outlets.

The MindChamps Joint Venture in Singapore also progressed during the year with the development and provision of a healthy range of products for the MindChamp child care centres including a reduced fat, reduced sodium cheddar, a product developed in-house specifically for the children's nutrition market in Singapore.

FINANCIAL RESULTS

The sales revenue results represent an increase of 49% over the prior financial year and have been largely underpinned by the growth in the Dairy Industry segment, particularly in H2.

Notwithstanding the increases in sales in H2, the enhanced performance has not been sufficient to offset the loss incurred as a result of our investment in new brands, technology, market development activities and shortfall in China sales. The Company has therefore incurred an overall loss for the full year of $7.7 million.

No dividend will be paid in respect of the 2016-17 financial year.

The significant expansion of the Company's dairy operations in FY17 has been facilitated by a successful share placement to raise $28.8 million in August 2016. The placement obviated the need for the Company to take on debt or go back to shareholders for further capital to fund the investment required for the Company's growth and development plans.

These capital expansion funds have been utilised to bring the Mable's Cream Cheese line into production (September 2016), recommence the LeRice Dairy snack production line (September 2016), and install a Hard Cheese line (March 2017) and a new state-of-the-art Mozzarella plant at the cheese factory, thereby expanding the range of premium dairy products on offer by the Company.

This expansion has led to the signing up of a large number of external contract farmers to supply milk (refer 3 below), not only for the existing range of dairy products, but also in preparation for the mozzarella project which is scheduled to come online towards the end of this calendar year.

With the focussed expansion on the Company's dairy factories at Murray Bridge and Jervois, a decision was made to redeem the convertible note interest in B.-d. Farm Paris Creek in April 2017, and the associated organic Wellington Dairy farm, as announced on 4 April 2017.

Capital expansion funds were also utilised for the acquisition of a new bottling plant at the AquaEssence water factory, which when fully installed and commissioned (by the end of the calendar 2017), will more than treble the production capacity.

The upgrade of the AquaEssence plant, will ensure that we are able to meet the increasing demand for high quality, high Alkaline "eight" Volcanic Water arising from customers in Australia and China.

As previously advised to the market, sales in China during the financial year have been disappointing and far lower than expected. This resulted in the Company initiating a restructure of the China business in Q3 with the appointment of Mr Bastian Bai, previously a Senior Director with Walmart, China. Mr Bai has brought a wealth of experience in the retail and distribution sector in China and has opened up a wider range of sales channels.

The Company expects the outcome of this restructure in China to flow through in sales growth in the next financial year.

Sales for seafood grew through the Hondo seafood supply agreement and retail channels compared with the prior year. However, sales were negatively impacted in H2FY17 when certain Australian seafood species were restricted for export, following an unexpected change in import regulations in January 2017, that was rectified by June end.

The Company has increased its brand presence in its domestic and international markets through the release of Mable's and Edwards Crossing branded retail cheeses, in addition to an expanded range of food services and ingredients products. Ferguson Australia have also launched a range of retail branded seafood products into domestic markets.

The Company's focus on premium healthy nutritional products has resulted in the in-house development of a number of reduced sodium and reduced fat cheeses that have been released into the food service market.

Through the synergies which operate with our investee company Neptune Bio-Innovations Holdings Pty Ltd, BFC developed a heart friendly, salt replaced, cheddar that has recently won the SA Dairy Innovation Award (August 2017). BFC also received First Prize in July 2017 for its manufacture of the "Best Australian Cheddar (Mild)" at the International Cheese Awards, Nantwich, United Kingdom (regarded as the number one cheese and dairy show in the world, this year attracting entries from 36 countries).

The development of the Company's food traceability and authentication capability based on (Brandlok and OZIRIS) has been a strong focus throughout the year.

This technology platform was expanded with the launch of the Australia Beston Marketplace and the progress made by our 100% owned subsidiary, Beston Technologies Pty Ltd, with the China e-commerce platform, 8ston.com (in July 2017), all of which has led to peer group recognition of the ground-breaking traceability and authentication technology the Company has developed.

The financials for the year ended 30 June 2017 represents the first full financial year since the company listed on the Australian Stock Exchange on 28th August 2015. The consolidated statutory net loss attributable to owners of the Company, after providing for income tax and research and development tax concessions, is ($7.7) million.

The NPAT result for the year has been primarily impacted by three main areas:

(1) Investment in growth initiatives:

Owned Brands:

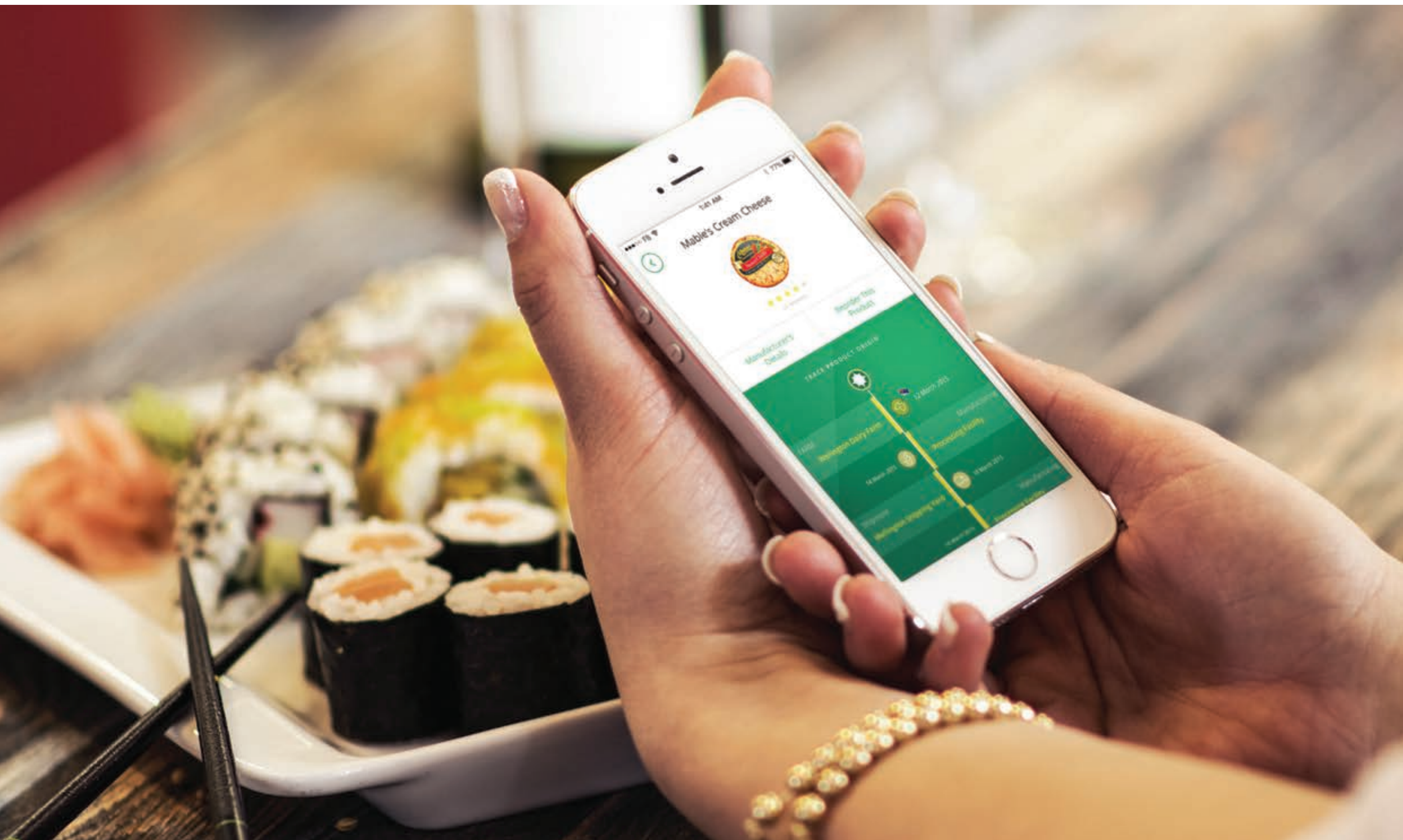
- The development of BFC owned global dairy and water brands in the first half of the year which included multi-language marketing collateral and social media platforms. The progressive launch of these brands into the retail and food service markets in Australia, China and ASEAN markets occurred late in the second half of the financial year.

Business Development and Customer Acquisition in China, Australia and ASEAN:

- Broadening the customer base and moving away from reliance on "one-off" customers with the signing of direct supply agreements with larger retail chains and food service customers in each country, and the development of a core group of consistent, repeat-order customers.

Expansion of Australian Sales Team:

- Investment in the first half of the year in establishing distribution contracts for our own global dairy and water brands into the Australian market. This delivered 197% growth in sales in Australia and 200% growth in ASEAN compared to the previous year as a result of the launch into food service and retail chains. The expansion in this area included the recruitment of a new National Retail Sales Manager, a National Food Service Manager, and a Group Supply Chain Manager in addition to partnering with a national merchandising firm to enable and drive the rollout of our branded product ranges nationally in the second half. We expect to realise the earnings benefits as sales volumes increase in the H1FY18.



Goeographical Expansion:

- The establishment of new sales offices into the growth regions of Shanghai, Beijing and Fuzhou as part of repositioning our business in China. In ASEAN this included opening an office in Malaysia to be closer to our customers in this region and to increase our broader coverage across ASEAN, including the start-up of the Beston MindChamps Joint Venture in Singapore.

(2) Lower milk availability in the First Half:

The extremely wet winter season in southern parts of Australia in the first half of the year reduced the production of milk at our own farms and reduced milk available across the industry. "Toll manufacturing" revenues were significantly lower than planned which in turn reduced whey powder production in the first half of the year. This has been addressed in the second half of the year with the increase in milk supply to 90mL, starting from June 2017.

(3) Low China sales:

China sales achieved were lower than expected for the year in large part due to the shortfalls against budget which occurred in the First Half. The China business was re-positioned but sales in H2 were not sufficient to offset the shortfall in sales in H1, leading to the write-off of some doubtful debts.

The Group received $0.4m as the first milestone payment of a $2.5m Regional Development Grant awarded by the South Australian Government. Government grants relating to costs are deferred and recognised as income in the period necessary to match them to the expense they are intended to compensate, in accordance with AASB accounting standards.

Cost of goods sold has increased as a percentage of sales, compared to the prior period, primarily due to the increased dairy sales that have a higher volume and lower margins in Australia than overseas, particularly during this financial period as the brands have been in establishment phase.

Selling and Administration expenses of $21.1m reflect an increase of $4.5m, or 27% over the prior year.

This is primarily due to the prior period reflecting only 9 months of a full year, noting:

- A majority of Selling and Administration costs are associated with the overheads, distribution and running of the factories and farms.
- Extensive in-house new product development has been undertaken and expensed to leverage commercialisation opportunities such as through the provision of heart healthy and children's nutritionally friendly dairy products in new markets (e.g. MindChamps in Singapore);
- Repositioning costs and establishing new markets are an investment into sales channels which flow through in time via increasing sales revenues; and
- Non-recurring professional fees relating to the redemption of the B.-d. Farm Paris Creek Convertible Note and sale of the Wellington Dairy, in conjunction with fees incurred in improving and rebuilding the Kurleah and Pedra Branca dairy farms.

The Company continues to maintain a strong balance sheet with $28.7m in cash and cash equivalents, $15.7m in trade receivables, $9.3m in trade payables and no debt.

DIVISIONAL OPERATIONS

Over the past financial year, the Company has consolidated into five main operating segments:

(1) Dairy
(2) Meat and Seafood
(3) Health and Nutrition
(4) International Business
(5) Technology

An overview of the operations within each of these divisions during the past financial year is set out below.

DAIRY

The Dairy business has delivered strong results in FY 2017 highlighted through the winning of a number of prestigious awards including:

- The Christian Hansen Cup for the "Best Cheddar in Australia" at the National Dairy Industry Association of Australia (DIAA) awards;
- An additional 18 Gold and Silver awards at the same competition;
- The "Best Australian Cheese - Cheddar (Mild)" at the International Cheese Awards in Nantwich (UK);
- The SA Dairy awards for the Champion Cheddar with the "Edwards Crossing Cloth Bound" and the best innovative product for the "Edwards Crossing LoSal Cheddar".

Sales have increased by over 150% from the prior comparative period, and by 20% from the prior half, following the expansion of sales channels into Metcash across Australia, the ASEAN region, and Food Service companies, coupled with the expansion in the product range of retail branded cheddar products, Mable's Cream Cheese, healthy alternative dairy products and contract manufacturing.

A substantial capital expansion program was undertaken in the Dairy division to increase the product range in the factory, to resurrect product lines that were previously dormant, and introduce new product lines, including:

- Commissioning of the LeRice Dairy Snack line and national supply of product to Coles and Woolworths through our contract with Lion Dairy and Drinks in Australia;
- Installation and production of the Mable's range of Cream Cheeses in the Factories;
- Installation and production of the Hard Cheese range of cheeses in the Factories; and
- Procurement of state-of-the-art mozzarella equipment with production scheduled before the end of the calendar year.

In addition, investment into our own farms has continued with the herd size at over 2,800 head of cattle and full year production of 15 million litres of milk. Milk production was lower than expectations due to the extremely wet winter season in the southern parts of Australia. Not only did this impact our own farms (reducing production from the expected 20 million litres down to 15 million litres, as above) the factory was also impacted by lower milk availability. This resulted in "toll manufacturing" revenues being significantly lower than planned which in turn reduced whey powder production. Milk from contracted dairy supply farms was not received until late Q4 which is expected to translate into cheese product revenues in the following financial year.

The herd was independently valued at 30 June 2017, with the value decreasing due to the lower export market cattle prices, which is used as the basis of the valuation.

Other achievements for the year include:

- Sales of over 3,200 tonnes of cheese;
- Sales of over 1,500 tonnes of whey powder;
- Sales of 100 tonnes of cream cheese;
- Milk processed of 38 million litres;
- Processing over 900 tonnes of LeRice; and
- Production of the first batch of low sodium "heart healthy" cheese for health-conscious consumers.

The profit results achieved in the Dairy division reflect a turnaround of $1.4 million over the previous period.

seafood

The seafood catching and processing capability has increased significantly over the prior financial year.

meat

BFC management have been actively involved at Scorpio during the year instituting a number of productivity improvements which has resulted in significant production cost savings.

MEAT AND SEAFOOD

The Meat segment incorporates the convertible note with Scorpio Foods in addition to meat sales across the Domestic and International markets. Notable achievements for the financial year include:

- Sales growth in the production of Yarra Valley Lamb Shank product under the ALDI brand;
- Yarra Valley range listed in Spinneys retail stores in the Middle East;
- Relocation and consolidation of Campbells production facilities to Shepparton to be closer to customers and reduce transport costs; and
- Development of a BFC owned and branded retail beef range for the China market.

The Seafood segment incorporates the lobster licences owned by the Company, the Company's 32% investment in Ferguson Australia and on-sales into the Company's sales offices in overseas locations. The seafood catching and processing capability has increased significantly over the prior financial year with key achievements in:

- Release of a range of Ferguson branded retail ready seafood packs into Australian Independent Retail stores in the first half 2017;
- Sales of Australian seafood in China through Hondo sales channels of $120k under the announced BFC supply contract.;
- Lobster processing increased by 26% to 480 tonnes per annum from 380 tonnes per annum in the prior corresponding period;
- Processing of Southern Blue Fin Tuna increased by 14% to 840 tonnes per annum from 735 tonnes per annum in the prior corresponding period; and
- Over 3.5 tonnes of King Crab caught for sale.

HEALTH AND NUTRITION

The Health segment includes:

- 51% interest in AquaEssence Pty Ltd high PH Volcanic water;
- 20% Investment in Neptune Bio-Innovations;
- Development of a healthy, high nutritional, product range for children in Singapore; and
- Wine sales in overseas markets.

Throughout the financial year a number of achievements have been delivered, most notably:

- Launch of Sweet & Gentle, Heart Salt, BIOlyte and Le Mayo products into a range of major pharmacies and supermarkets across Australia;
- Commenced expansion of AquaEssence high pH alkaline volcanic water facility with container shipments of products to China by financial year end;
- Commenced supply of products into 33 of the MindChamps Childcare Centres through the Beston MindChamps Joint Venture;
- Security of supply of liquid whey for the restart of the Lactoferrin Protein Plant at Jervois as a result of securing additional supplies of milk;
- In-house development of reduced sodium reduced fat cheddar specifically designed for the children's nutrition market in Singapore.
- Winning the best innovative product for the "Edwards Crossing LoSal Cheddar" at the SA Dairy awards in conjunction with Neptune Bio-Innovations Holdings Pty Ltd;
- Development of an additional range of heart healthy reduced fat, reduced sodium cheddar products in conjunction with Neptune Bio-Innovations Holdings Pty Ltd.

INTERNATIONAL BUSINESS

Our operations in the ASEAN region have experienced sales growth of over 200% over the prior year and an 80% sales growth over the prior half. The following achievements have also occurred:

- Launch of the Japanese branded "Kyubu" cheese range into retail stores in Singapore, Thailand and Vietnam;
- Launch of Mable's Cream Cheese brand into a range of Singapore retail stores;
- Sales growth of ingredients to key ASEAN food service customers;
- Signing of the MM Mega contract in Vietnam in May 2017, with the launch of Kyubu into 19 MM Mega stores across Vietnam;
- Opening a new office in Malaysia;
- Delivering a range of healthy products designed for children's nutritional requirements into the Singapore Beston MindChamps Joint Venture.

The restructure of the China business, under the new Chief Executive (China), Bastian Bai has resulted in the signing of direct contracts with leading Chinese retailers, including Walmart China. The first shipments of BFC cheese and water are now moving into Walmart stores across China.

BESTON CHEF INTERNATIONAL COMPETITION

Over the past twelve months, and as part of its International Marketing efforts, BFC has been approached by a number of highly regarded Chefs and restaurateurs seeking BFC food and beverage products to experiment with the creation of new innovative food dishes based around the use of our food products as ingredients.

The approaches have been stimulated by industry publicity surrounding the winning of so many high profile awards for our dairy products, all within such a short time since we reopened the dairy processing facilities at Murray Bridge and Jervois, and by the recognition that all of our BFC products are "true to label" in the sense of being premium, healthy, traceable and safe to eat (i.e. not able to be counterfeited).

One of these approaches led, for example, to the provision of a "Gourmet Food Tent" at the Port Adelaide/Gold Coast AFL Football game in Shanghai in May 2017 where innovative meals using purely BFC food products (incorporating ingredients from our dairy, seafood, meat and health and nutrition range) were prepared by a leading Shanghai based Chef. Another, different example, is the level of following which the Company has received on the Facebook page for its "Kyubu" cheese product where consumers share recipes and ideas for innovative uses of Kyubu in food preparation.

The level of interest shown in BFC products by the culinary community in Asia has resulted in the Board of BFC taking a decision to formally establish a "Beston Chef International Competition".

Over the next twelve months, a leading Chef will be selected from each of the countries in the Asia Pacific in which we currently operate (i.e. China, Thailand, Vietnam, Hong Kong, Malaysia and Singapore) and brought to Adelaide to compete, along with a Chef selected from Australia, in a competition designed to reward the competitor who is judged to develop the most innovative and flavoursome meals using only BFC food and beverage products as ingredients.

The event will be held in conjunction with the 2018 Annual General Meeting (i.e. on the evening preceding the AGM) and will be judged by an independent panel of technical experts and culinary dignitaries. BFC expects to receive international media coverage for the event and has already received a confidential unsolicited expression of interest from a well-established media company seeking television rights to the event.

Shareholders of BFC will be given priority seating to the event, at no charge, with seats limited to 200 in number. Participation at the event will also be provided to the major wholesale and retail distribution companies with which BFC is now engaged, such as Walmart China, Lacto Asia and Metcash.

The Board of BFC has taken the view that this "Beston Chef International Competition" will provide a low cost and effective way of enhancing the clean, green, healthy, trustworthy image of BFC products across the Asia Pacific region and further promote the "Beston Foods" brand in the eyes of consumers in these countries.

TECHNOLOGY

A fundamental component of BFC's business model, from the outset, has been to empower the consumers of our products with the capacity to both identify and understand (track-and-trace) the ingredients in the products and assure themselves that the products they are looking to purchase and eat, have not been counterfeited.

After finding that off-the-shelf technology to meet our requirements did not exist anywhere in the world, BFC set about creating our own technology, now known as OZIRIS.

The OZIRIS technology is a unique integrated e-commerce platform which incorporates traceability and Brandlok anti-counterfeiting capabilities. The architecture of the platform is multi-currency and multi-lingual.

The OZIRIS technology has been recognised by its peers as leading edge, with applications in use for verification, tracking and assurance of provenance across many industry sectors, not only food.

As at 30 June 2016 BFC held 3 International Patents for the technology in its 100% owned Beston Technologies Pty Ltd.

As at 30 June 2017, BFC now holds 11 International Patents or Patents pending for the technology.

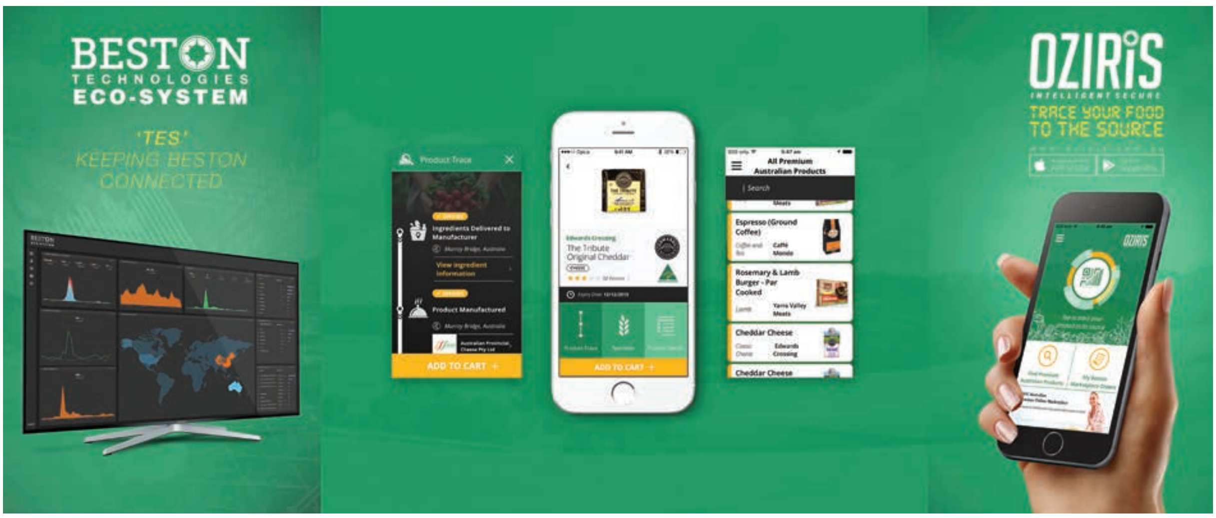
The opportunities for application of the technology outside of BFC are significant:

- The value of the global counterfeit market in 2015 stood at USD 1.7 trillion and is expected to reach USD 2.3 trillion by 2022;
- The global anti-counterfeiting packaging market is expected to grow at an annualised rate of 14% per annum and to reach USD 207 billion by 2021;
- North America is the highest revenue generating market for global anti-counterfeiting;
- The USA has been the hardest hit country for trade in fake goods (IP infringements represent 20% of the total value of customs seizures in the USA);
- China is the country where most fake goods originate, followed by India;
- Food fraud costs the global food industry an estimated USD 40 billion each year;
- The top 5 foods which give consumers most safety concerns are seafood, meat, take-aways, dairy and fresh produce; and
- Product wastage is also growing in line with the growth in product counterfeiting.

The OZIRIS technology developed by BFC incorporates block chain technology and enables users to generate "big data" on their customers which they can then store, manage and analyse to identify trends and obtain niche insights (to assist, for example, with future product development and marketing.)

In recent months BFC has received a number of unsolicited and confidential indicative proposals from third parties in relation to the business of Beston Technologies Pty Ltd which is wholly owned by BFC. These proposals are varied in their approach and include the possibility of third parties acquiring an equity interest in Beston Technologies and/or taking the technologies into other markets and industry sectors.

BFC is in the process of evaluating these various indicative proposals to determine which, if any, are in the best interests of BFC shareholders.



MILK SUPPLY

A key factor affecting the earnings growth of the dairy operations of BFC is milk supply. The marginal revenues derived from increased throughput of milk have a positive and increasing impact on bottom line profits as the volumes of milk processed in factories goes up.

When BFC acquired the business of United Dairy Power (UDP), out of Receivership in September 2015, we acquired a dairy processing plant with a production capacity of 300 million litres (albeit that the factories had been closed in April 2015). After we reopened the plant, as Beston Pure Foods, in October 2015, re-instated the export licences and substantially re-built and repaired the Murray Bridge factory, we re-started production with a throughput of 20 million litres of milk, mainly from our own farms.

Since this time (i.e. over the past 18 months), we have gradually built our milk supply to the Beston Pure Foods factory in Murray Bridge to 90 million litres on an annualised basis, by signing up milk supply contracts with dairy farmers. The current annualised milk supply has returned the factories to production rates similar to the rate they were operating at prior to their closure in April 2015. We have also negotiated commitments for supply which will start coming on stream from the start of calendar 2018 and take our annualised committed supply of contract milk to around 140 to 130 million litres by mid 2018.

MOZZARELLA

The additional supply of milk coming on stream to our Beston Pure Foods dairy will coincide with the commissioning and production ramp up of our new state-of-the-art mozzarella plant at Jervois.

A large proportion of the plant, including cheese vats acquired from the Netherlands and New Zealand arrived on site several months ago and the "First Factory Acceptance" test (FAT test) on the cooker/stretcher being fabricated in Italy has been completed in recent weeks. Once the final FAT has been made, the machine which is recognised as one of the most efficient machines in the world, will be shipped to Australia for installation in the newly renovated factory at Jervois.

The new mozzarella plant replaces the "Caboolture plant" which was sold off by the Receivers of the former United Dairy Power (UDP) business. Once the plant is fully commissioned, BFC expects to produce a minimum of 5,000 tonnes of mozzarella per annum.

There is currently a global shortage of high quality mozzarella with the result that the Company expects the initial annual production of 5,000 tonnes to be fully committed. The production capacity of the new plant is 14,650 tonnes per annum.

The commissioning of the mozzarella plant will produce increased volumes of whey as a by-product of the production process which will enable the Company to increase the production of its gold medal winning whey powder at the Jervois milk powder factory as well as provide the feed stock required for the production of Lactoferrin, immunoglobulin and other pharmaceutical grade nutraceuticals at the adjoining dairy protein fractionation plant, owned by BFC.

dairy

The supply of milk at our factories has increased from 20 million litres per annum at the start of the year to 90 million litres per annum as at 30 June 2017, an increase of 300%.

CONTRACT MILK

The build-up of contracted milk supplies for Beston Pure Foods has been achieved through a deliberate strategy of building trust with independent dairy farmers. When the operations of United Dairy Power were closed by the Receiver, the dairy farmers who had been supplying UDP then signed contracts with other milk processing companies and primarily with the large players in the industry.

Our challenge at BFC was to bring these dairy farmers back to supplying the operations at Murray Bridge and Jervois, and securing supply from other contract dairy farmers. We have done so by building trust with the dairy farming community via a number of different initiatives.

In January 2016, we announced the establishment of a "Cheese Bank" by which we would take in milk from dairy farmers which was surplus to the amounts they had contracted to produce for other dairy companies and process the milk into cheese. Farmers are paid for the milk 30 days after delivery at market prices. The cheese produced from this initiative has been placed in a "Bank" and stored for maturation into aged (vintage) cheese. When sold, a portion of the net profits from this cheese bank will be provided to the dairy farmers to assist in the education of their children.

The allocation of funds from this initiative has now started with the first release of Edwards Crossing Vintage Cheese (e.g. a number of scholarships have been provided to students through the Dairy Australia "Cows Create Careers" program in the South east of South Australia and the Murray land region). BFC has also collaborated with a number of tertiary educational institutions to bring students into the Company for short periods to provide work experience to assist in their career development.

The Cheese Bank initiative was also offered to dairy farmers in 2016 who had been referred to BFC by industry leaders as being in desperate financial plight and in need of immediate assistance to secure additional income for their needs.

Further assistance was provided to the dairy farming community through sponsorships and other support from BFC to organisations such as Lifeline and the Freemason's Foundation Centre for Men's Health at the University of Adelaide which are directly involved in providing depression counselling and medical assistance to dairy farmers in rural communities.

Following up on these various initiatives, executives from BFC held numerous "Town Hall" meetings in the key milk producing regions across Southern Australia over the last twelve months to outline our forward plans to dairy farmers and the opportunities for them to supply milk to our factories when they come out of contract with other processors. "Open Days" have also been held at the Murray Bridge factory to show dairy farmers and their families how the milk produced on their farms is treated and processed in our factories.

An important part of the "Open Day" events has been to demonstrate the relevance (and application) of our OZIRIS technology which enables farmers to track-and-trace their milk through to its end destination. The significance of this technology has been recognised and featured in a program on innovation compiled by Channel 9 and first shown on television in Australia on April 11, 2017. http://www.9now.com.au/everyday-innovators/2017/clip cj1d34rzf00050hlsrxmgoy4b.

The momentum generated by these various initiatives has enabled us to engage with the dairy farming community on a transparent, and objective basis to negotiate contracts for milk supply which are mutually beneficial and which recognise the long-term needs and aspirations of both parties to the contract (i.e. both BFC and the Dairy Farmer).

GOING FORWARD

Milk production in Australia has fallen by around 20% over the last ten years in response to the cost/price pressures placed on dairy farmers. The total quantity of milk produced in Australia is likely to be at or below 9 billion litres for the 2016-17 year, the first time in 21 years.

The drop in milk production in Australia has occurred precisely at a time when the demand for dairy products in China and Asia has been rising. China is now the fastest growing cheese importer in the world as consumers recognise the health benefits and sensory attractions of eating cheese.

New Zealand dairy producers have been able to exploit the rising demand for cheese and other dairy products in China as a result of having a free trade agreement with China since 2008 and now control about half of China's imported cheese market.

Prior to the signing of Australia's Free Trade Agreement with China (ChAFTA) at the end of 2015, Australian's held 18% of China's imported cheese market.
In the year since introduction of ChAFTA, the import tax rate on Australian Cheese has fallen from 12 percent to 9.6 percent and the value of cheese imports from Australia by value has risen by 1 percentage point.

When the 4-year phase-in term of the ChAFTA agreement expires, (that is, as from 2020), Australia will be able to export cheese to China tax free and be well placed to capitalise on the expected 7 percent annual growth in demand for cheese in China. Similar opportunities exist in key markets in Asia.

BFC intends to capitalise on the emerging opportunities in export markets, as well as the retail and food service markets in Australia, by continuing to secure additional milk supplies to enable the company's production facilities to move towards full capacity utilisation. Our operating model, from day one, was to have at least 20% of our milk supply from farms controlled by BFC so as to ensure security of supply and have the balance of our requirements met from contracted, independent dairy farmers with whom we have a long-term relationship.

An underlying objective of our milk supply policies, is to retain and grow our access to quality assured, grass derived, milk from certified herds under controlled circumstances. The fulfilment of this objective is important to ensure that we are easily able to satisfy the different export regulations in different countries and satisfy consumer driven needs.

The securing of additional milk through contracted supply arrangements with independent dairy farmers is, by nature demanding on working capital. BFC has a policy of paying farmers on time, 30 days after delivery of their milk. The milk is then turned into cheese and matured for 3 to 6 months, with the result that the cash returned to BFC from the milk purchases can take 6 to 9 months (or longer, depending on the type of cheese produced). An advantage of producing mozzarella cheese is that this cheese is sold "fresh" soon after production, with the result that the turnaround of cash is much faster (i.e. typically within 2 to 3 months of production).

In order to meet its milk supply objectives (and fund the planned increase in milk supply without the necessity to call on debt), the Board of BFC has resolved to evaluate the setting up of a Dairy Farm Real Estate Investment Trust (DF-REIT). The initiative would free up working capital for further contract milk purchases and expand the total supply of milk available to our Beston Pure Foods factories at Murray Bridge and Jervois.

farms

BFC has a proven track record in managing dairy farms and is able to provide assurance on operational, financial and strategic management issues to DF-REIT investors.

DAIRY FARM REIT

The Dairy Farm Real Estate Investment Trust (DF-REIT), if established, would entail a capital raising of $100 million in the Trust to both:

- Acquire the existing dairy farms and dairy herds owned by BFC; and
- Provide capital for the acquisition of additional dairy farms to supply milk to our Beston Pure Foods dairy factories.

The transaction would achieve a number of beneficial outcomes for BFC and our shareholders including:

- Free up capital to provide funds for additional contract milk purchases;
- Redeploy the capital currently tied up in our dairy farms to higher revenue and profit driving assets;
- Realise the value of existing dairy farm assets (BFC would expect to book a profit on the farm assets, most of which were acquired initially at prices reflecting only bank debt outstandings);
- Secure access to an additional 35-40 million litres of milk per year (thereby providing the Company with around 20% of its own milk supply, when the factories at Murray Bridge and Jervois are operating at full capacity of 300 million litres per annum;
- Enable the growth of our dairy business to be matched to the needs of our customers (i.e. for hard cheese, mozzarella, specialty cheeses, dairy desserts etc) with known, low volatile, sources of milk solid inputs
- Provide the balance sheet capacity to fund suitable acquisitions by BFC for expanding its business.

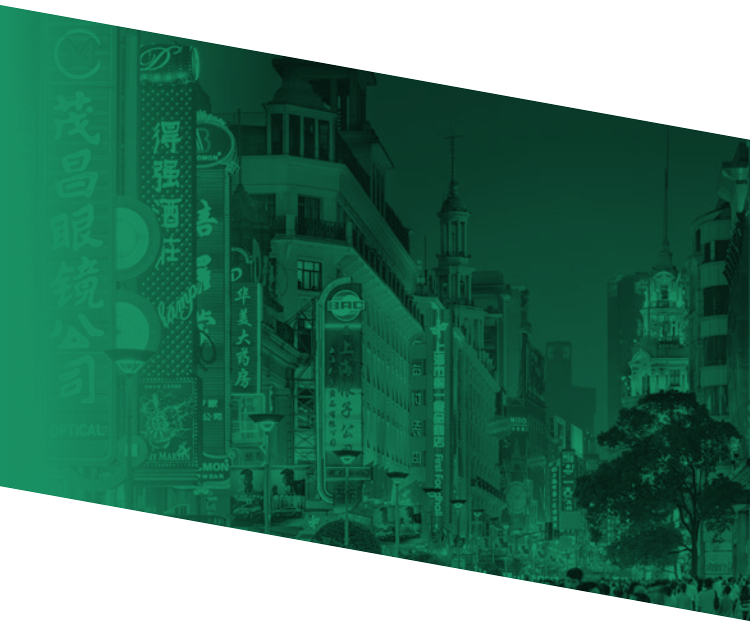
BFC would retain management control over the Dairy Farm REIT portfolio and earn a management fee for operating the dairies (thereby generating another source of revenue for the Company). BFC has a proven track record in managing dairy farms and is able to provide assurance on operational, financial and strategic management issues to DF-REIT investors.

While no definitive structures or arrangements have as yet been put in place, it is likely that the DF-REIT investment opportunity would be offered to institutional and farmland investors in Australia and overseas who are looking for long-term exposure to the dairy farm land in Australia. BFC has been approached by a number of parties on a confidential and exploratory basis over the past twelve months who have an interest in investing in dairy farm land in Australia for long-term income and capital growth returns. Some of these parties are foreign institutions who also have an interest in securing access to a stable supply of value-added dairy products for their home countries while having confidence in the source and quality of the raw milk inputs.

The DF-REIT will have a tied long - term contract for milk supply back to BFC.

Once the Board has completed its evaluation, and if a final decision is made to proceed, Independent Advisors will be appointed to assist BFC in arranging, structuring and marketing the DF-REIT investment opportunity. The transaction is expected to take 6 to 9 months from the point of initiation through to completion.

OUTLOOK



The Directors of BFC believe that the various initiatives which have been outlined above will enable the intrinsic value of the portfolio of assets which have been put together in the Company to be realised for the benefit of Shareholders.

The dairy factories now operated as Beston Pure Dairies were acquired for the initial public offering (IPO) of BFC at prices which are around one-fifth of their current replacement values and were included in the IPO at their cost of acquisition. Similarly, the Dairy Protein Plant adjacent to the Jervois factory was acquired at around one-third of its replacement value and included in the IPO at its cost of acquisition.

Having bought the assets at extremely attractive prices, the focus of management efforts over the past two years has been to realise the true economic value of these assets through various production optimisation initiatives and by increasing the throughput of milk. This "value - extraction" is now being achieved as our efforts on the demand side (e.g. by winning National and International Awards to establish the premium quality reputation of our market place) come together with our efforts on the supply side (e.g. product expansion, production optimisation and increased milk supply).

As explained at the 2016 Annual General Meeting and in the report to Shareholders on the 2017 Half Year Results, the Board of BFC took a deliberate decision to build out its infrastructure during the 2016-17 financial year and invest capital for the further growth and development of the Company.

This build out has included:

- The re-commissioning of a hard cheese line for the production of parmesan and other varieties of hard cheese (including gruyere, raclette and tilsit);
- The procurement of a state-of-the-art mozzarella plant from Italy (and ancillary equipment from the Netherlands and NZ) which is currently in the process of being installed at Jervois;
- Investment on our farms to improve productivity;
- Further development of our Beston Technologies business;
- Expansion of our Australian national sales coverage to achieve increased sales in retail and food service outlets;
- Securing additional milk supply by entering into contract arrangements with independent dairy farmers; and
- The re-commissioning of the dairy fractionation (bionutrient) plant at Jervois.

In short, the Company has incurred a lot of expense and capex during the financial year without the associated earnings benefit which will flow through in 2017-18 fiscal year and beyond. FY18 will benefit from the increased throughput of milk in the Beston Pure Foods dairy factories, and the completion and on-streaming of the mozzarella plant from the second quarter. The increased supply of milk coupled with the additional high value output which will be derived from this milk, is expected to place the Company in a strong earnings position for FY 2018, based on prevailing milk prices.

health nutrition

Our synergistic approach to combine the respective strengths and capabilities of our Health and Dairy Divisions with the investee company entities of BFC, has resulted in the development of a number of new products.

To some extent, the decision of the Board to build out the operating infrastructure in the 2016-17 financial year and invest in new plant and equipment has been timed to take advantage of the disarray in the dairy industry over the past twelve months and to establish BFC as a Company that can be trusted by the farming community. But, to a large extent, the decisions have also been centred around the opportunity to consolidate the operations of the Company at the "right time" in the industry cycle and place BFC on a trajectory for long term growth and further value creation for shareholders.

Notwithstanding some setbacks in China during the year, which have been addressed and rectified, the Company has stayed the course that was set out in the Prospectus at the time of the IPO. We have a globally focussed business model, products and intellectual property that are world's best practice and scaleable and a modus operandi that recognises the need to keep innovating and stay at the premium end of the markets in which we operate. We have recognised from the outset, that the future growth of the business is not going to come simply from servicing the domestic market, and that we therefore need to grow sensibly, and steadily, into overseas markets in order to secure long term, sustainable results.

CORPORATE GOVERNANCE

Beston Global Food Company Limited and the Board are committed to achieving and demonstrating the highest standards of corporate governance. Beston Global Food Company Limited has reviewed its corporate governance practices against the Corporate Governance Principles and Recommendations (3rd edition) published by the ASX Corporate Governance Council.

The 2017 Corporate Governance Statement is dated as at 30 June 2017 and reflects the corporate governance practices in place throughout the 2017 financial year.

The 2017 Corporate Governance Statement was approved by the Board on 13 September 2017. A description of the Company's current corporate governance practices is set out in the Corporate Governance Statement which can be viewed at www.bestonglobalfoods.com.au .

FINANCIAL REPORT CONTENTS

DIRECTORS' REPORT

The Directors present their report on the consolidated entity consisting of Beston Global Food Company Limited and the entities it controlled at the end of, or during, the year ended 30 June 2017. Throughout the report, the consolidated entity is referred to as the Group.

Directors

The following persons were Directors of Beston Global Food Company Limited during the whole of the financial year and up to the date of this report unless otherwise stated:

R N Sexton

S Gerlach

P Coventry

J Kouts

I McPhee

C Cooper (appointed 7 September 2016)

Principal activities

During the year the principal continuing activities of the Group consisted of:

(a) Marketing and distribution of dairy, seafood, meat, wine, water, health and nutrition products into local and international markets.
(b) Production of milk, cheese and other dairy related products.
(c) Production and processing of meat products.
(d) Development and production of health and well-being focused food, beverage and pharmaceutical products.
(e) Processing of high pH natural spring water.
(f) Development and commercialisation of end-to-end food traceability and anti-counterfeit technology.
(g) Development and commercialisation of a premium food e-commerce platform.

Dividends - Beston Global Food Company Limited

There were no dividends provided for during the year ended 30 June 2017 (2016: $0.006 cents). Dividends paid during the year ended 30 June 2017 were $2,179,447, paid on 31 October 2016, relating to the prior year final dividend (2016: nil)

Review of operations

Information on the operations and financial position of the Group and its business strategies and prospects is set out in the review of operations and activities on pages 14 to 32.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the consolidated entity during the year, not otherwise disclosed in this annual report.

Events since the end of the financial year

No other matter or circumstance has arisen since 30 June 2017 that has significantly affected the Group's operations, results or state of affairs, or may do so in future years.

Likely developments and expected results of operations

Refer to the operating and financial review on pages 14 to 32 for information on likely developments and future prospects of the Group.

Environmental regulation

Beston Pure Dairies Pty Ltd ("BPD") and Beston Farms Pty Ltd ("Beston Farms") operate under separate SA EPA Environmental licences. These licences impose conditions to regulate activities that have the potential to harm the environment.

BPD and Beston Farms operate their wastewater discharge to the local sewer system under Trade Waste licences regulated by SA Water pursuant to section 56 of the *Water Industry Act 2012* and Section 28(3) of the EPA's *Code of Practice for Milking Shed Effluent 2003*.

The Trade Waste licence authorises them to discharge trade waste into SA Water's sewer system in accordance with the specific terms and conditions set out in the licences.

BPD is also a mandatory reporter under the National Pollutant Inventory legislation, which requires it to measure and report specific emission to ensure that the community has access to information about the emission and transfer of toxic substances which may affect them locally.

BPD has appointed a Quality and Environment Manager responsible for the development and implementation of strategies to meet all of the conditions of the licences. The Work Health & Safety Coordinator and Maintenance Manager assist in ensuring compliance activities are completed and maintained.

Group compliance activities include:

- Environmental management and emergency response planning
- Stormwater retention and release to aquifer procedures at Murray Bridge
- Weekly reporting of Murray Bridge trade waste discharge data to SA Water
- Periodic sampling and independent testing of trade wastewater discharges from Murray Bridge
- Periodic testing of river, bore and wastewater at the Jervois site
- Periodic soil testing of the treated wastewater discharge sites around Jervois

Beston Farms, with expanding herds, has initiated a significant capital upgrade program to ensure current back-up systems (which are compliant) are replaced by upgraded permanent operational requirements, particularly as it applies to the handling of the volume of waste water generated from the milking shed and associated yards at all times of the year.

There have been no significant known breaches of the Group's licence conditions or any environmental regulations to which it is subject.

Information on directors

Roger Sexton, AM B.Ec. (Hons), M.Ec., PhD (Econ), FAICD, FAIM, S.F.Fin, C.Univ. *Chair - non-executive*		
Experience and expertise	Dr Roger Sexton is an investment banker and a company director. He has extensive experience in the agricultural sector, having worked in senior positions with the Bureau of Agricultural Economics. Roger also has had extensive experience overseas and particularly in China and the Asia Pacific, as a result of leading trade and investment missions to the region for more than 30 years and from working on investment banking transactions in the region. Roger is actively engaged in a number of community organisations, including as Chairman and Principal Patron of the Freemasons Foundation Men's Health Centre at the University of Adelaide.	
Other current directorships	• Chairman of the Investment Manager, Beston Pacific Asset Management Pty Ltd • Chairman, KeyInvest Limited • Director, IBISWorld Pty Ltd	
Former directorships in last 3 years	Roger has served on the Australian Accounting Standards Board and was an Executive Director of the Industries Assistance Commission (now Productivity Commission), specialising in rural industries.	
Special responsibilities	• Founder of Beston Global Food Company Limited • Chair of the Board • Member of audit and risk committee	
Interests in shares and options	Ordinary shares	17,853,205

Stephen Gerlach, AM LL.B, FAICD *Non-executive director*		
Experience and expertise	Stephen Gerlach is a corporate adviser and company director. He was formerly a Partner and the Managing Partner of Finlaysons Lawyers for 23 years. Stephen is also the Chancellor of Flinders University of South Australia.	
Other current directorships	• Director of the Investment Manager, Beston Pacific Asset Management Pty Ltd • Chairman, Ebony Energy Limited • Chairman, Adelaide Capital Partners Pty Ltd • Chairman, S Gerlach Pty Ltd • Director, Gerlach Asset Development Pty Ltd	
Former directorships in last 3 years	-	
Special responsibilities	• Member of remuneration and nomination committee	
Interests in shares and options	Ordinary shares	3,476,445

Information on directors (continued)

Petrina Coventry, B.Ed., M. Phil. (Ethics), MBA, EMBA, FAHRI *Non-executive director*		
Experience and expertise	Petrina has spent over twenty years working in Asia, the United States and Europe in global leadership and director roles with The General Electric Company, The Coca Cola Company and Procter and Gamble. Her experience covers multiple industries including energy, technology, education, fast moving consumer goods and financial services. Her work in organisational transformation, company performance and governance has led to increased involvement with governments, industry associations and consulting groups across the Asian region. Petrina is an ethicist by background, is an Industry professor at Adelaide University and is completing her PHD with Melbourne University.	
Other current directorships	• Director, Australian Human Resources Institute • Director, Australasian Association of Philosophy	
Former directorships in last 3 years	-	
Special responsibilities	• Chair of remuneration and nomination committee	
Interests in shares	Ordinary shares	57,142

Jim Kouts, BA (Journalism), FAICD *Non-executive director*		
Experience and expertise	Jim has served as a senior executive and director in major companies in the energy, financial service and business tourism industries and has also held various senior positions in the public sector. Through his various roles, Jim has gained strong commercial and contract negotiation skills and has a sound grasp of governance, strategy and strategy implementation. These skills, together with his extensive insight of air freight logistics into Asia, will be valuable on the Board.	
Other current directorships	• Chairman, HomeStart Finance • Director, Adelaide Venue Management Board • Director, Adelaide Convention Bureau • Strategic Advisor, Adelaide Airport Limited	
Former directorships in last 3 years	-	
Special responsibilities	• Member of audit and risk committee • Member of remuneration and nomination committee	
Interests in shares	Ordinary shares	142,857

Ian McPhee, AO PSM, B.Bus., B.A, FCPA, FCA, GAICD *Non-executive director*		
Experience and expertise	Ian served as the Auditor General of Australia until June 2015. He holds a Bachelor of Business (Accountancy) degree and a Bachelor of Arts (Computing Studies) degree. Ian is a Fellow of CPA Australia and a Fellow of Chartered Accountants Australia and New Zealand. He is currently a Member of the International Ethics Standards Board for Accountants and an Adjunct Professor at the College of Business and Economics, Australian National University. He is the former Deputy Chair of the Australian Accounting Standards Board.	
Other current directorships	-	
Former directorships in last 3 years	-	
Special responsibilities	• Chair of the audit and risk committee	
Interests in shares	Ordinary shares	400,000

Catherine Cooper, LL.B, GDLP, FAICD *Non-executive director*		
Experience and expertise	Catherine has a legal and business background with significant expertise in areas such as strategic planning, leadership, innovation and effective governance across a broad industry base including agribusiness, food security, finance and audit, banking and insurance, energy, health and education, and research and development. She has previously chaired the SA Fisheries Council, the SA Dairy Regulator, and held directorships at SA Water, National Agrifoods Skills Council and the National Quarantine Export Advisory Council. She is a Commissioner of the Australian Fisheries Management Authority. Catherine is currently a director of the Australian Egg Corporation Limited. She has previously held management positions at Fosters Brewing Group, Elders Limited, and Futuris Corporation. Catherine was a finalist in both the 1997 and 1998 Telstra Business Women's Awards.	
Other current directorships	• Commissioner, Deputy Chair, Australian Fisheries Management Authority • Director, Energy Consumers Australia • Director- GPEX- Medical Education and Training • Director, Environment Protection Agency SA • Director, Australian Egg Corporation Limited • Chair, Council Solutions - Shared services/ Procurement	
Former directorships in last 3 years	-	
Special responsibilities	• Member of the audit and risk committee	
Interests in shares	Ordinary shares	175,000

Company secretary

Richard Willson, B.Acc, FCPA, FAICD

Richard is an accountant with more than 20 years' experience in public practice and in various senior financial management, company secretarial and non-executive director roles, predominantly within the resources and agricultural sectors for both publicly listed and private companies.

In addition to his role as company secretary of Beston Global Food Company Limited, Richard is a non-executive director of ASX listed company AusTin Mining Limited, non-executive director of Titomic Limited, company secretary of Wilgena Resources Limited, non-executive director and company secretary of the not-for-profit Unity Housing Company and director and treasurer of Variety SA.

Meetings of directors

The numbers of meetings of the Company's Board of Directors and of each Board committee held during the year ended 30 June 2017, and the numbers of meetings attended by each Director were:

	Full meetings of directors		Meetings of committees			
			Audit		Remuneration and nomination	
	A	B	A	B	A	B
R N Sexton	15	15	8	8	-	-
S Gerlach	12	15	-	-	1	1
P Coventry	14	15	-	-	1	1
J Kouts	14	15	3	4	1	1
I McPhee	15	15	8	8	-	-
C Cooper	9	11	4	4	-	-

A = Number of meetings attended
B = Number of meetings held during the time the Director held office or was a member of the committee during the year

Remuneration report

The Directors present the Beston Global Food Company Limited 2017 remuneration report, outlining key aspects of our remuneration policy and framework, and remuneration awarded this year. The remuneration report has been audited.

The report is structured as follows:

(a) Key management personnel (KMP) covered in this report
(b) Remuneration policy and link to performance
(c) Executive contracts
(d) Remuneration expenses for non-executive KMP
(e) Directors arrangements
(f) Additional statutory information

(a) Key management personnel covered in this report

R N Sexton	Non-executive Chairman
S Gerlach	Non-executive Director
P Coventry	Independent Non-executive Director
J Kouts	Independent Non-executive Director
I McPhee	Independent Non-executive Director
C Cooper	Independent Non-executive Director

Other key management personnel

Name	Position
S Ebert	Chief Executive Officer
S Hartwig	Chief Financial Officer

(b) Remuneration policy and link to performance

The Group outsources all of its investment management, valuation, accounting and other administrative functions to Beston Pacific Asset Management Pty Ltd ("BPAM" or "the Investment Manager"). As such, the Group does not remunerate any key management personnel employees directly.

The remuneration and nomination committee comprises three non-executive directors. The committee recommends the director nominees for each annual general meeting and ensures that the audit, compensation and nominating and corporate governance committees of the Board have the benefit of qualified and experienced independent directors. The committee makes recommendations to the Board on remuneration packages and policies applicable to Directors and the management team.

(c) Executive contracts

(i) Management fee

The Group has a formal Investment Management Agreement with BPAM as the Investment Manager to outsource key management activities for a fee of 1.20% (exclusive of GST) per annum of the Group's portfolio value. This fee is calculated half yearly and paid monthly with an initial term of 5 years. During the year ended 30 June 2017, BPAM was paid $2,380,498 under this arrangement (2016: $1,595,980).

(ii) Performance fee

Under the terms of the Investment Management Agreement, BPAM is also entitled to a performance fee based upon the market capitalisation of BFC and the performance of the BFC's share price relative to the ASX All Ordinaries Accumulation Index. In February 2016, the Directors and BPAM agreed that the commencement date of the performance period would begin from 1 January 2016, with an initial net asset value of $0.3468 per share. In accordance with this agreement and the performance of BFC, the Investment Manager would have been entitled to receive a performance fee of nil for the year ended 30 June 2017 (2016: fee was waived).

Remuneration report (continued)

(c) Executive contracts (continued)

(ii) Performance fee (continued)

The key metrics of the fee are summarised below:

Key metrics	1 July 2016	30 June 2017	Performance
Beston Global Food Company Limited	$0.410	$0.225	-45.12%
ASX All Ordinaries Accumulation Index	$48,530.36	$54,897.11	13.12%

The All Ordinaries Accumulation Index is a benchmark used to measure total investment performance, and is largely used to compare the performance of professionally managed funds. It is a publicly available measurement of the trend of price movements, incorporating the dividends paid.

The performance fee is calculated as follows:

A. Market capitalisation	$103,351,403.00
B. Outperformance factor (BFC TSR% - ASX:XAOAI TSR%)	-58.24%
C. Agreed performance fee %	17.5%
Total performance fee for the 12 months to 30 June 2017: A x B x C	$0.00

Based on the share price performance during the period, no expense has been recognised for the year ended 30 June 2017.

(d) Link between remuneration and performance

Statutory performance indicators

The following table shows key performance indicators for the group over the last three years:

	2017	2016	2015
Net profit after tax ($000's)	(7,749)	(1,716)	(1,103)
Net tangible assets ($000's)	120,572	107,124	20,342
Share price at year end (cents)	22.5	40.4	-
Basic earnings per share (cents)	(1.8)	(0.5)	(5.4)
Dividends provided for ($'000)	-	2,179	-

Remuneration report (continued)

(e) Remuneration expenses for non-executive directors

The following table shows details of the remuneration expense recognised for the Group's non-executive directors for the current and previous financial year measured in accordance with the requirements of the accounting standards.

		Short-term benefits			Post-employment		Long-term benefits	Share-based payments		
Name	Year	Cash salary*	Cash bonus*	Non-monetary benefits*	Super-annuation benefits**	Other post employ-ment benefits**	Annual and long service leave***	Shares	Share options	Total
		$	$	$	$	$	$	$	$	$
R N Sexton	**2017**	60,000	-	-	5,700	-	-	-	-	65,700
	2016	60,000	-	-	5,700	-	-	-	4,341,726	4,407,426
S Gerlach	**2017**	40,000	-	-	3,800	-	-	-	-	43,800
	2016	40,000	-	-	3,800	-	-	-	985,735	1,029,535
P Coventry	**2017**	40,000	-	-	3,800	-	-	-	-	43,800
	2016	39,999	-	-	3,800	-	-	-	-	43,799
J Kouts	**2017**	40,000	-	-	3,800	-	-	-	-	43,800
	2016	40,000	-	-	3,800	-	-	-	-	43,800
I McPhee	**2017**	40,000	-	-	3,800	-	-	-	-	43,800
	2016	9,333	-	-	743	-	-	-	-	10,076
C Cooper	**2017**	32,667	-	-	3,103	-	-	-	-	35,770
	2016	-	-	-	-	-	-	-	-	-
D Taylor	**2017**	-	-	-	-	-	-	-	-	-
	2016	30,778	-	-	2,924	-	-	-	-	33,702
Total NED remuneration	**2017**	**252,667**	**-**	**-**	**24,003**	**-**	**-**	**-**	**-**	**276,670**
	2016	220,110	-	-	20,767	-	-	-	5,327,461	5,568,338

** Short-term benefits as per Corporations Regulation 2M.3.03(1) Item 6*
*** Post-employment benefits as per Corporations Regulation 2M.3.03(1) Item 7*
**** Other long-term benefits as per Corporations Regulation 2M.3.03(1) Item 8*

No share-based payment in the form of Founders' Rights options were granted during the year from Beston Global Food Company Limited (2016: $140,418). Refer to part (f)(i) of this remuneration report for further details.

(f) Director arrangements

The Board has resolved to provide for non-executive Director's fees (per annum) of up to a maximum of $350,000 in total with effect from Listing.

In addition to earning a Director's fee, a Director may also be paid fees or other amounts as the Directors determine if a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. A Director may also be reimbursed for out of pocket expenses incurred as a result of their directorship or any other special duties.

	Annual maximum fee
Dr Roger Sexton AM	$60,000
Mr Stephen Gerlach AM	$40,000
Ms Petrina Coventry	$40,000
Mr Jim Kouts	$40,000
Mr Ian McPhee AO PSM	$40,000
Mr Catherine Cooper	$40,000

In addition, Directors will be entitled to statutory superannuation.

Remuneration report (continued)

(f) Director arrangements (continued)

Dr Sexton and Mr Gerlach are shareholders and Directors of the Investment Manager and as such, may receive remuneration from the Investment Manager for services provided to the Investment Manager. As directors, shareholders and employees of the Investment Manager, in their respective capacities, they may benefit from the entry by the Investment Manager into the Management Agreement with the Company, through the payment of fees under the Management Agreement.

The Company believes that the Management Agreement has been entered into on arm's length terms and that the remuneration payable to the Investment Manager is reasonable.

(g) Additional statutory information

(i) Reconciliation of options, deferred shares and ordinary shares held by KMP

Share holdings

2017 Name	Balance at the start of the period	Acquired during the period	Founders rights exercised during the period	Balance at the end of the period
Ordinary shares				
R N Sexton	4,648,274	800,000	12,404,931	17,853,205
S Gerlach	660,060	-	2,816,385	3,476,445
P Coventry	57,142	-	-	57,142
J Kouts	142,857	-	-	142,857
I McPhee	-	400,000	-	400,000
C Cooper	-	175,000	-	175,000
S Ebert	-	-	401,194	401,194
Total	**5,508,333**	**1,375,000**	**15,622,510**	**22,505,843**

Founders' Rights

The Founders' Rights options scheme incentivises specific Directors to maintain ongoing involvement with the Group. These Founders' Rights are convertible into shares 15 months after being granted at zero cost to the recipients. The scheme allocates 5% of the share capital to the participants.

2017 Name	Balance at start of the period	Granted as compensation	Exercised	Balance at end of the period
Founders' Rights				
R N Sexton	12,404,931	-	(12,404,931)	-
S Gerlach	2,816,385	-	(2,816,385)	-
P Coventry	-	-	-	-
J Kouts	-	-	-	-
I McPhee	-	-	-	-
C Cooper	-	-	-	-
S Ebert	401,194	-	(401,194)	-
Total	**15,622,510**	**-**	**(15,622,510)**	**-**

(ii) Loans to key management personnel

No loans were made to KMP or their related parties during the year.

Remuneration report (continued)

(g) Additional statutory information (continued)

(iii) Other transactions with key management personnel

Grape Ensembles Co Pty Ltd is beneficially controlled by Dr Sexton. Grape Ensembles Co Pty Ltd holds an 80% interest in a company that owns the BRANDLOK intellectual property associated with brand protection seals which has been developed as an anti-counterfeiting device. The Company has an option to purchase Grape Ensembles Co Pty Ltd's 80% shareholding in Brandlock Protection Solutions Pty Ltd ("BBPS"). The purchase price for BBPS has been agreed at the greater of 10 times the net profit after tax of BBPS; the then market value of the 80% holding of BBPS; and $2,000,000. These rights are exercisable by the independent Directors of Beston Global Food Company Limited and include tag along and drag along rights to enable the Company to acquire 100% of BBPS.

Main & Cherry Pty Ltd is controlled by a family member of Dr Sexton who has no pecuniary interest in Main & Cherry Pty Ltd. During the year, the Group purchased wine stock from Main & Cherry Pty Ltd for export into Asia. The purchases were made based on normal commercial terms and conditions.

Aggregate amounts for the above transactions with KMP of Beston Global Food Company Limited:

	30 June 2017 $	30 June 2016 $
Amounts recognised as expense		
Cost of goods sold	**1,119,671**	1,533,329
Amounts recognised as assets		
Inventory	**3,796,703**	16,435
Amounts recognised as liabilities		
Trade payables to Main & Cherry Pty Ltd	**4,035,199**	586,131

There were no other transactions with KMP or their related parties during the year.

This is the end of the audited remuneration report.

Shares under option

(a) Unissued ordinary shares

As at the date of this report, there were no unissued ordinary shares under option. Refer to the Founders' Rights in part (f)(i) of the remuneration report for more detail on the scheme.

No options were granted to the Directors or any of the key management personnel of the Company since the end of the financial year.

(b) Shares issued on the exercise of options

During the financial year, 16,023,704 founders' rights have been exercised by KMP and non KMP executives.

Insurance of officers and indemnities

(a) Insurance of officers

During the financial year, Beston Global Food Company Limited paid a premium of $26,309 to insure the Directors and secretaries of the Company and its Australian-based controlled entities, and the general managers of each of the divisions of the Group.

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 entities in 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 Company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

(b) Indemnity of auditors

Beston Global Food Company Limited has agreed to indemnify their auditors, Ernst & Young Australia, to the extent permitted by law, against any claim by a third party arising from Beston Global Food Company Limited's breach of their agreement. The indemnity stipulates that Beston Global Food Company Limited will meet the full amount of any such liabilities including a reasonable amount of legal costs.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to 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 part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001.*

Rounding of amounts

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the directors' report. Amounts in the directors' report have been rounded off in accordance with that Instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

This report is made in accordance with a resolution of Directors.

R N Sexton
Chairman

Building a better
working world

Ernst & Young
121 King William Street
Adelaide SA 5000 Australia
GPO Box 1271 Adelaide SA 5001

Tel: +61 8 8417 1600
Fax: +61 8 8417 1775
ey.com/au

Auditor's Independence Declaration to the Directors of Beston Global Food Company Limited

As lead auditor for the audit of Beston Global Food Company Limited for the financial year ended 30 June 2017, I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Beston Global Food Company Limited and the entities it controlled during the financial year.

Ernst & Young

Mark Phelps
Partner
Adelaide
31 August 2017

FINANCIAL STATEMENTS

These financial statements are the consolidated financial statements for the Group consisting of Beston Global Food Company Limited and its subsidiaries. A list of subsidiaries is included in note 13.

The financial statements are presented in the Australian currency.

Beston Global Food Company Limited is a company limited by shares, incorporated and domiciled in Australia.

Its registered office is:

Beston Global Food Company Limited
Level 9, 420 King William Street
Adelaide South Australia 5000

Its principal place of business is:

Beston Global Food Company Limited
Level 9, 420 King William Street
Adelaide South Australia 5000

A description of the nature of the consolidated entity's operations and its principal activities is included in the review of operations and activities on page 14 and in the directors' report on page 34, both of which are not part of these financial statements.

The financial statements were authorised for issue by the Directors on 31/08/2017. The Directors have the power to amend and reissue the financial statements.

Through the use of the internet, we have ensured that our corporate reporting is timely and complete. All press releases, financial reports and other information are available at our Investors' Centre on our website: www.bestonglobalfoods.com.au

Consolidated statement of comprehensive income
For the year ended 30 June 2017

	Notes	30 June 2017 $'000	30 June 2016 $'000
Revenue from continuing operations			
Sale of goods	2	23,826	15,999
Other revenue	2	728	2,963
		24,554	18,962
Other income	3(a)	927	3,022
Expenses			
Cost of sales of goods		(14,438)	(8,538)
Other expenses from ordinary activities			
Selling and distribution		(3,106)	(677)
Administration		(17,777)	(8,945)
Other		(593)	(794)
Establishment costs		-	(6,154)
Loss from operations		(10,433)	(3,124)
Finance income	3(c)	1,247	1,465
Finance expenses	3(c)	(172)	(114)
Net finance income		1,075	1,351
Share of profit/(loss) from associates	9(a)	(654)	(156)
Loss before income tax		(10,012)	(1,929)
Income tax benefit	4	2,005	209
Loss for the period from continuing operations		(8,007)	(1,720)
Other comprehensive income			
Exchange differences on translation of foreign operations	8(b)	(443)	(48)
Other comprehensive loss for the period, net of tax		(443)	(48)
Total comprehensive loss for the period from continuing operations		(8,450)	(1,768)
Loss is attributable to:			
Owners of Beston Global Food Company Limited		(7,749)	(1,716)
Non-controlling interests		(258)	(4)
		(8,007)	(1,720)
Total comprehensive loss for the period is attributable to:			
Owners of Beston Global Food Company Limited		(8,192)	(1,764)
Non-controlling interests		(258)	(4)
		(8,450)	(1,768)

The Company listed on the Australian Stock Exchange during the comparative period (28 August 2015).
The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated statement of comprehensive income
For the year ended 30 June 2017

		Cents	Cents
Loss per share from continuing operations attributable to the ordinary equity holders of the Company:			
Basic earnings per share	20	**(1.82)**	(0.54)
Diluted earnings per share	20	**(1.82)**	(0.54)
Loss per share attributable to the ordinary equity holders of the Company:			
Basic earnings per share	20	**(1.82)**	(0.54)
Diluted earnings per share	20	**(1.82)**	(0.54)

The Company listed on the Australian Stock Exchange during the comparative period (28 August 2015).
The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated balance sheet
As at 30 June 2017

	Notes	30 June 2017 $'000	30 June 2016 $'000
ASSETS			
Current assets			
Cash and cash equivalents	5(a)	**28,702**	19,372
Trade and other receivables	5(b)	**18,605**	26,610
Inventories	6(e)	**11,660**	7,965
Assets classified as held for sale	6(b)	**1,999**	-
Total current assets		**60,966**	53,947
Non-current assets			
Receivables	5(b)	**977**	-
Investments accounted for using the equity method	13(c)	**16,275**	16,935
Property, plant and equipment	6(a)	**44,224**	38,267
Biological assets	6(c)	**4,400**	4,241
Deferred tax assets	6(d)	**5,899**	4,096
Intangible assets	6(f)	**13,568**	10,349
Total non-current assets		**85,343**	73,888
Total assets		**146,309**	127,835
LIABILITIES			
Current liabilities			
Trade and other payables	5(c)	**9,818**	8,705
Current tax liabilities	4(a)	**-**	875
Employee benefit obligations	6(g)	**137**	50
Total current liabilities		**9,955**	9,630
Non-current liabilities			
Deferred tax liabilities	6(d)	**2,189**	1,884
Employee benefit obligations	6(g)	**25**	7
Total non-current liabilities		**2,214**	1,891
Total liabilities		**12,169**	11,521
Net assets		**134,140**	116,314
EQUITY			
Contributed equity	8(a)	**147,535**	113,472
Other reserves	8(b)	**(482)**	5,569
Accumulated losses	8(c)	**(13,598)**	(3,670)
Capital and reserves attributable to owners of Beston Global Food Company Limited		**133,455**	115,371
Non-controlling interests	13(b)	**685**	943
Total equity		**134,140**	116,314

The Company listed on the Australian Stock Exchange during the comparative period (28 August 2015).
The above consolidated balance sheet should be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity

For the year ended 30 June 2017

		Attributable to owners of Beston Global Food Company Limited					
	Notes	Share capital $'000	Other reserves $'000	Accum-ulated losses $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
Balance at 1 July 2015		21,471	-	(1,954)	19,517	(1)	19,516
Profit/(loss) for the half-year		-	-	(1,716)	(1,716)	(4)	(1,720)
Other comprehensive income/(loss)		-	(48)	-	(48)	-	(48)
Total comprehensive income for the period		**-**	**(48)**	**(1,716)**	**(1,764)**	**(4)**	**(1,768)**
Transactions with owners in their capacity as owners:							
Contributions of equity, net of transaction costs and tax	8(a)	92,001	-	-	92,001	-	92,001
Non-controlling interests on acquisition of subsidiary	12	-	-	-	-	948	948
Founders' Rights share reserve	8(b)	-	5,617	-	5,617	-	5,617
		92,001	5,617	-	97,618	948	98,566
Balance at 30 June 2016		**113,472**	**5,569**	**(3,670)**	**115,371**	**943**	**116,314**
Profit/(loss) for the half-year		-	-	(7,749)	(7,749)	(258)	(8,007)
Other comprehensive income/(loss)		-	(443)	-	(443)	-	(443)
Total comprehensive income for the period		**-**	**(443)**	**(7,749)**	**(8,192)**	**(258)**	**(8,450)**
Transactions with owners in their capacity as owners:							
Contributions of equity, net of transaction costs and tax	8(a)	28,455	-	-	28,455	-	28,455
Dividends provided for or paid	11(b)	-	-	(2,179)	(2,179)	-	(2,179)
Founders' Rights share reserve	8(b)	5,608	(5,608)	-	-	-	-
		34,063	(5,608)	(2,179)	26,276	-	26,276
Balance at 30 June 2017		**147,535**	**(482)**	**(13,598)**	**133,455**	**685**	**134,140**

The Company listed on the Australian Stock Exchange during the comparative period (28 August 2015). The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated statement of cash flows
For the year ended 30 June 2017

	Notes	30 June 2017 $'000	30 June 2016 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		34,497	6,478
Payments to suppliers and employees (inclusive of goods and services tax)		(46,373)	(23,427)
Interest paid		(145)	-
Income taxes paid		(367)	-
Interest received		801	1,233
Deposits to secure export shipments		-	(990)
Net cash (outflow) from operating activities	9(a)	(11,587)	(16,706)
Cash flows from investing activities			
Payments for acquisition of businesses, net of cash acquired	12	(764)	(27,098)
Payments for property, plant and equipment	6(a)	(8,325)	(14,314)
Payments for intangible assets	6(f)	(1,587)	(5,314)
Repayment of loans by related parties		(250)	-
Advances and redemptions of convertible notes		4,737	(3,400)
Payments for livestock	6(c)	(758)	(2,028)
Payments for equity investments		-	(12,000)
Refund of deposits		-	180
Proceeds from sale of livestock		819	-
Net cash (outflow) from investing activities		(6,128)	(63,974)
Cash flows from financing activities			
Proceeds from issues of shares	8(a)	28,823	100,000
Transaction costs on issue of shares	8(a)	(368)	(7,499)
Dividends paid to Company's shareholders	11(b)	(2,179)	-
Proceeds from government grants		1,172	-
Loans from related parties		66	-
Net cash inflow from financing activities		27,514	92,501
Net increase in cash and cash equivalents		9,799	11,821
Cash and cash equivalents at the beginning of the financial year		19,372	7,547
Effects of exchange rate changes on cash and cash equivalents		(469)	4
Cash and cash equivalents at end of period	5(a)	28,702	19,372

The Company listed on the Australian Stock Exchange during the comparative period (28 August 2015). The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Contents of the notes to the consolidated financial statements

1 Segment information

(a) Description of segments

The Group's executive management committee, consisting of the Chief Executive Officer and the Chief Financial Officer, examines the Group's performance both from a product and geographic perspective and has identified five reportable segments of its business:

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

The executive management committee monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with profit or loss in the consolidated financial statements. Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

(2) Segment results

The segment information provided to the executive management committee for the reportable segments for the year ended 30 June 2017 is as follows:

2017	Dairy	Seafood	Health	Meat	Distribution	Total segments	Adjustments and eliminations	Total
	$'000	$'000	$'000	$'000	$'000	**$'000**	$'000	**$'000**
Revenue								
External customers	19,520	571	770	2,206	-	**23,067**	759	**23,826**
Other revenue	359	424	18	18	-	**819**	836	**1,655**
Finance income	389	-	26	273	-	**688**	559	**1,247**
Share of profit/(loss) from associates	-	(274)	(380)	-	-	**(654)**	-	**(654)**
Total revenue	**20,268**	**721**	**434**	**2,497**	**-**	23,920	2,154	26,074
Expenses								
Cost of sales	(10,726)	(509)	(599)	(2,341)	-	**(14,175)**	(263)	**(14,438)**
Selling and distribution	(1,179)	(215)	(355)	(318)	(20)	**(2,087)**	(1,019)	**(3,106)**
Administration	(7,829)	(345)	(915)	(906)	(317)	**(10,312)**	(7,465)	**(17,777)**
Finance costs	(62)	-	(27)	-	(145)	**(234)**	62	**(172)**
Other expenses	(147)	-	(22)	(66)	-	**(235)**	(358)	**(593)**
Total expenses	**(19,943)**	**(1,069)**	**(1,918)**	**(3,631)**	**(482)**	**(27,043)**	**(9,043)**	**(36,086)**
Operating profit/(loss)	**325**	**(348)**	**(1,484)**	**(1,134)**	**(482)**	**(3,123)**	**(6,889)**	**(10,012)**
Segment profit/(loss)	**325**	**(348)**	**(1,484)**	**(1,134)**	**(482)**	**(3,123)**	**(6,889)**	**(10,012)**
Total segment assets	145,804	17,385	20,799	7,182	8,023	199,193	(52,884)	146,309
Total assets includes:								
Capital expenditure	7,921	-	404	-	-	**8,325**	-	**8,325**
Total segment liabilities	(72,597)	(9,932)	(2,738)	(2,598)	(6,453)	(94,318)	82,149	(12,169)

There was no impairment charge or other significant non-cash item recognised in 2017.

1 Segment information

(2) Segment results (continued)

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

2016	Dairy $'000	Seafood $'000	Health $'000	Meat $'000	Distribution $'000	Total segments $'000	Adjustments and eliminations $'000	Total $'000
Revenue								
External customers	11,869	4,664	4,968	391	1,197	**23,089**	(5,267)	**17,822**
Other revenue	620	44	25	240	-	**929**	677	**1,606**
Share of profit/(loss) from associates	-	(52)	(104)	-	-	**(156)**	-	**(156)**
Total revenue	**12,489**	**4,656**	**4,889**	**631**	**1,197**	**23,862**	**(4,590)**	**19,272**
Expenses								
Cost of sales	(7,338)	(3,163)	(1,875)	(293)	(1,173)	**(13,842)**	5,304	**(8,538)**
Selling and distribution	(435)	(24)	(29)	(2)	(10)	**(500)**	(177)	**(677)**
Administration	(8,046)	(339)	(408)	(31)	(56)	**(8,880)**	(65)	**(8,945)**
Other expenses	(618)	(6)	(2)	(1)	(29)	**(656)**	(138)	**(794)**
Establishment costs	-	-	-	-	-	**-**	(6,154)	**(6,154)**
Finance costs	(19)	-	-	-	-	**(19)**	(95)	**(114)**
Total expenses	**(16,456)**	**(3,532)**	**(2,314)**	**(327)**	**(1,268)**	**(23,897)**	**(1,325)**	**(25,222)**
Operating profit/(loss)	**(3,967)**	**1,124**	**2,575**	**304**	**(71)**	**(35)**	**(5,915)**	**(5,950)**
Gain on bargain purchase	2,876	-	5	-	-	**2,881**	-	**2,881**
Management fee from associate	-	-	1,140	-	-	**1,140**	-	**1,140**
Segment profit/(loss)	**(1,091)**	**1,124**	**3,720**	**304**	**(71)**	**3,986**	**(5,915)**	**(1,929)**
Total segment assets	124,225	18,595	21,291	3,585	9,526	177,222	(49,387)	127,835
Total segment liabilities	(60,228)	(10,667)	(2,549)	(1,063)	(1,767)	(76,274)	64,753	(11,521)

There was no impairment charge or other significant non-cash item recognised in 2016.

2 Revenue

The Group derives the following types of revenue:

	30 June 2017 $'000	30 June 2016 $'000
Sales revenue	**23,826**	15,999
Other revenue		
Leasing income	**708**	1,823
Management fees	**20**	1,140
	728	2,963
Total revenue	**24,554**	18,962

(a) Recognising revenue from major business activities

Revenue is recognised for the major business activities using the methods outlined below.

(i) Sale of goods

Revenue from the sale of goods in the course of the ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue for sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of the goods can be estimated reliably, there is no continuing involvement with goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

Transfer of risks and rewards varies depending on the individual terms of the contract of sale. For exports of finished goods these criteria are met at the time the product is shipped and delivered to the customer and title and risk have passed to the customer (depending on the delivery conditions) and acceptance of the product has been obtained. Examples of delivery conditions are 'Free on Board point of delivery', 'Costs and Freight point of delivery', 'Costs, Freight and Insurance point of delivery', where the point of delivery may be the shipping warehouse or any other point as agreed in the contract with the customer and where title and risk for the goods pass to the customer.

For products for which a right of return exists during a defined period, revenue recognition is determined based on the historical pattern of actual returns and internal quality reviews. Return policies are typically based on customary return arrangements in local markets.

In case of loss under a sales agreement, the loss is recognised immediately.

(ii) Revenue from services

Revenue from services is recognised when the Group can reliably measure the amount of revenue and the associated cost related to the stage of completion of a contract or transaction, and the recovery of the consideration is considered probable.

(iii) Other revenue

See note 22(e) for the recognition and measurement of other revenue.

3 Other income and expense items

(a) Other income

	Notes	30 June 2017 $'000	30 June 2016 $'000
Other items		90	141
Government grants		837	-
Gain on bargain purchase	12	-	2,881
		927	3,022

(b) Break down of expenses by nature

	Notes	30 June 2017 $'000	30 June 2016 $'000
Changes in inventories of finished goods and work in progress		(1,191)	98
Raw materials and consumables used		14,895	6,119
Employee benefits expenses		6,813	3,829
Depreciation	6(a)	713	830
Management fees		2,380	1,596
Loss on disposal of fixed assets		217	5
Fair value loss on revaluation of livestock	6(c)	(5)	3
Operating lease expense		684	306
Fair value (gain)/loss on revaluation of assets held for sale	6(b)	217	-

(c) Finance income and costs

	Notes	30 June 2017 $'000	30 June 2016 $'000
Finance income			
Interest income		1,247	1,465
Finance income		1,247	1,465
Finance costs			
Finance charges paid for financial liabilities		(145)	(19)
Net exchange losses on foreign currency borrowings	10(a)	(27)	(95)
		(172)	(114)
Net finance costs		1,075	1,351

4 Income tax benefit

(a) Income tax benefit

	Notes	30 June 2017 $'000	30 June 2016 $'000
Current tax			
Current tax		(469)	875
Total current tax expense		(469)	875
Deferred income tax			
(Increase) decrease in deferred tax assets	6(d)	(1,803)	(1,804)
Increase (decrease) in deferred tax liabilities	6(d)	310	720
Prior year adjustment		(43)	-
Total deferred tax expense/(benefit)		(1,536)	(1,084)
Income tax benefit		(2,005)	(209)

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

	30 June 2017 $'000	30 June 2016 $'000
Loss from continuing operations before income tax	(10,012)	(1,929)
Tax at the Australian tax rate of 30.0% (2016 - 30.0%)	(3,004)	(579)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Capital raising costs	-	360
Research and development adjustments (net)	388	(153)
Share of profit/loss from associates	198	47
Tax rate differentials	176	(186)
Overseas entity CFC Profits	112	-
Non-recognition of DTA on foreign revenue losses	51	281
Prior year under/over	(49)	-
Other non-deductible items	-	21
Sundry items	58	-
Fair value revaluation on Assets held for sale	65	-
Income tax benefit	(2,005)	(209)

(c) Amounts recognised directly in equity

	Notes	30 June 2017 $'000	30 June 2016 $'000
Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss or other comprehensive income but directly debited or credited to equity:			
Deferred tax: share issue costs	8(a)(i)	(177)	(1,421)

4 Income tax benefit

(d) Tax losses

	30 June 2017 $'000	30 June 2016 $'000
Unused tax losses for which no deferred tax asset has been recognised	170	935
Potential tax benefit @ 30.0%	51	281

The unused tax losses were incurred by a foreign subsidiary that is not part of the Australian tax consolidated group. The Directors have conservatively agreed not to recognise a deferred tax asset in relation to the tax losses on the basis that the entity is still in its establishment phase. See note 6(d) for information about recognised tax losses and significant judgements made in relation to them.

5 Financial assets and financial liabilities

(a) Cash and cash equivalents

	30 June 2017 $'000	30 June 2016 $'000
Cash at bank and in hand	28,702	19,372

(i) Classification as cash equivalents

Term deposits are presented as cash equivalents if they have a maturity of three months or less from the date of acquisition and are repayable with 24 hours notice with no loss of interest. See note 22(k) for the Group's other accounting policies on cash and cash equivalents.

(b) Trade and other receivables

	30 June 2017			30 June 2016		
	Current $'000	Non-current $'000	Total $'000	Current $'000	Non-current $'000	Total $'000
Trade receivables	7,554	-	7,554	12,299	-	12,299
Provision for impairment (see note 10(b))	(42)	-	(42)	-	-	-
	7,512	-	7,512	12,299	-	12,299
Receivables from related parties	-	14	14	1,282	-	1,282
Other receivables	504	963	1,467	1,696	-	1,696
Prepayments	4,107	-	4,107	111	-	111
Goods and services tax (GST) receivable	3,734	-	3,734	2,638	-	2,638
Convertible notes receivable (ii)	2,748	-	2,748	8,584	-	8,584
	18,605	977	19,582	26,610	-	26,610

5 Financial assets and financial liabilities

(b) Trade and other receivables (continued)

(i) Classification as trade and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Loans and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. If collection of the amounts is expected in one year or less they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are generally due for settlement within 90 days and therefore are all classified as current. The Group's impairment and other accounting policies for trade and other receivables are outlined in notes 10(b) and 22(l) respectively.

(ii) Convertible notes receivable

During the prior year, the Group entered into a convertible note with potential to acquire a 26.5% interest in B.-d. Farm Paris Creek Pty Ltd for an amount of $5,000,000. This note was issued at a 9.5% interest rate on 10 March 2015 and converts to that number of ordinary shares which equate to 26.5% of the investee. The Group was entitled to convert the note at the discretion of the Group, after satisfaction of certain objectives and financing conditions. The convertible note was relinquished on 4 April 2017.

On 25 August 2015, the Group entered into convertible notes with potential to acquire a 40% interest in both Scorpio Foods Pty Ltd and Australian Provincial Cheese Pty Ltd for an amount of $2,400,000 and $1,100,000 respectively. These notes were issued at a 9.5% interest rate, and at the discretion of the Group, may be converted to that number of ordinary shares which equate to 40% of the investees. On 20 June 2016, the convertible note terms were extended for a period of 12 months or until the investee companies meet their forecasts.

On 11 August 2016, the Group entered into an additional convertible note with Scorpio Foods Pty Ltd for an amount of $300,000. The note was issued at a 9.5% interest rate and converts to that number of shares which equates 5% of the investee. The Group may convert the note at its discretion.

On 15 September 2016, the Group acquired the assets of Australian Provincial Cheese Pty Ltd and was repaid the convertible note as part of the transaction. The convertible note with Scorpio Foods Pty Ltd was unaffected by this transaction.

The Directors consider the embedded derivative component of the convertible notes are not material and has not been separately brought to account on inception. At balance date, the Directors also consider the movement in the fair value of the embedded derivative not to be material.

(iii) Fair value of trade and other receivables

Due to the short-term nature of the current receivables, their carrying amount is assumed to be the same as their fair value. For non-current receivables, the fair values are also not significantly different to their carrying amounts.

(iv) Impairment and risk exposure

Information about the impairment of trade and other receivables, their credit quality and the Group's exposure to credit risk, foreign currency risk and interest rate risk can be found in note 10.

5 Financial assets and financial liabilities

(c) Trade and other payables

	30 June 2017 $'000	30 June 2016 $'000
Current liabilities		
Trade payables	4,607	7,343
Amounts due to associates	213	147
Goods and services tax (GST) payable	1,930	22
Accrued expenses	1,243	770
Government grants	120	-
Payroll liabilities	411	369
Other payables	1,294	54
	9,818	8,705

Trade payables are unsecured and are usually paid within 30 days of recognition.

(i) Fair value of trade and other payables

The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

6 Non-financial assets and liabilities

(a) Property, plant and equipment

	Land $'000	Buildings $'000	Plant and equipment $'000	Furniture, fittings and equipment $'000	Motor vehicles $'000	Total $'000
At 1 July 2015						
Cost or fair value	1,824	264	64	-	-	2,152
Year ended 30 June 2016						
Opening net book amount	1,824	264	64	-	-	2,152
Acquisition of subsidiary	17,959	2,902	1,778	-	-	22,639
Additions	3,753	225	10,051	150	135	14,314
Disposals	-	-	-	-	(8)	(8)
Depreciation charge	-	(83)	(733)	(7)	(7)	(830)
Closing net book amount	23,536	3,308	11,160	143	120	38,267
At 30 June 2016						
Cost or fair value	23,536	3,391	11,893	150	127	39,097
Accumulated depreciation	-	(83)	(733)	(7)	(7)	(830)
Net book amount	23,536	3,308	11,160	143	120	38,267
Year ended 30 June 2017						
Opening net book amount	23,536	3,308	11,160	143	120	38,267
Acquisition of subsidiary	-	-	374	-	-	374
Additions	-	848	7,248	155	74	8,325
Disposals	-	-	(254)	(3)	-	(257)
Assets classified as held for sale	(1,857)	(257)	(102)	-	-	(2,216)
Depreciation charge	-	(147)	(60)	(41)	(21)	(269)
Closing net book amount	21,679	3,752	18,366	254	173	44,224
At 30 June 2017						
Cost	21,679	3,975	19,155	302	201	45,312
Accumulated depreciation	-	(223)	(789)	(48)	(28)	(1,088)
Net book amount	21,679	3,752	18,366	254	173	44,224

(i) Depreciation methods and useful lives

Property, plant and equipment is stated at historical cost less depreciation. Land is carried at cost.

Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives:

- Buildings 20 - 50 years
- Plant and equipment 5 - 40 years
- Furniture, fittings and equipment 3 - 10 years
- Motor vehicles 7 - 15 years

See note 22(o) for the other accounting policies relevant to property, plant and equipment.

6 Non-financial assets and liabilities

(b) Assets held for sale

During the year ended 30 June 2017 a contractual agreement was entered into for the disposal of the Wellington farm, which comprised part of the Dairy segment operations. As at 30 June 2017, the terms of the agreement had been formalised for the sale of a number of tangible and intangible assets relating to Wellington, however settlement did not occur until after the balance date.

The assets relating to Wellington have been reclassified as held for sale as at 30 June 2017 and have been separately disclosed within the consolidated balance sheet at their net realisable value, being their fair value per the agreement less cost of disposal. A loss on revaluation has been recognised and separately disclosed within Note 3 (b).

	$'000
Assets classified as held for sale	2,216
Loss on FV of Assets held for sale	(217)
Assets reclassified from property, plant and equipment and intangible assets	1,999

(c) Biological assets

	30 June 2017 $'000	30 June 2016 $'000
Livestock	4,400	4,241

Livestock relates to cattle herds at the Pedra Branca and Kurleah dairy farms. Cattle are held primarily for dairy farming purposes.

As at 30 June 2017, the Group held a total of 2,834 cattle (2016 - 2,675).

	30 June 2017 $'000	30 June 2016 $'000
Movements:		
Opening balance	4,241	-
Increases due to purchases	758	2,028
Increases due to acquisitions of businesses	-	2,349
Decreases due to livestock sold	(604)	(133)
Change in fair value	5	(3)
Closing balance	4,400	4,241

(i) Accounting for biological assets

Biological assets are measured at fair value less cost to sell. Costs to sell include the incremental selling costs, including auctioneers' fees, commission paid to brokers and dealers and estimated costs of transport to the market but excludes finance costs and income taxes.

Livestock are classified as current assets if they are to be sold within one year.

(ii) Measuring biological assets at fair value

The fair value of cattle is based on the market price of livestock of a similar age, weight, breed and genetic make-up. As these prices are observable, they are deemed to be Level 2 in the fair value hierarchy.

The value of these cattle, comprising principally females and breeding bulls, is determined by independent valuation with reference to prices received from representative sales of breeding cattle similar to the Group's herd. Prices for these cattle are reflective of current market conditions.

6 Non-financial assets and liabilities

(c) Biological assets

(ii) Measuring biological assets at fair value

Independent valuations were undertaken by Elders Limited. In performing the valuation, consideration is given to the breed, class, age, quality and location of the herd. Direct comparisons are made to recent sales evidence in relevant cattle markets.

(d) Deferred tax balances

(i) Deferred tax assets

	30 June 2017 $'000	30 June 2016 $'000
The balance comprises temporary differences attributable to:		
Tax losses and offsets	**4,175**	2,031
Employee benefits	**48**	17
Accruals	**150**	21
Tax only assets	**1,526**	2,027
Total deferred tax assets	**5,899**	4,096

Significant estimates

The deferred tax assets include an amount of $3,543,145 which relates to carried forward tax losses of the Australian tax consolidated group. The Group has concluded that the deferred assets will be recoverable using the estimated future taxable income based on the approved business plans and budgets. The losses can be carried forward indefinitely and have no expiry date.

(ii) Deferred tax liabilities

	30 June 2017 $'000	30 June 2016 $'000
The balance comprises temporary differences attributable to:		
Property, plant and equipment	**597**	720
Intangible assets	**1,448**	1,164
Other	**144**	-
	2,189	1,884

(iii) Tax consolidation

Members of the tax consolidated group and tax sharing agreement

Beston Global Food Company Limited and its 100% owned Australian resident subsidiaries formed a tax consolidated group with effect from 11 February 2015. Beston Global Food Company Limited is the head entity of the tax consolidated group. Members of the tax consolidated group have entered into a tax sharing agreement that provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. No amounts have been recognised in the financial statements in respect of this agreement on the basis that the possibility of default is remote.

Tax effect accounting by members of the tax consolidated group

Measurement method adopted under AASB Interpretation 1052 Tax Consolidation Accounting
The head entity and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The Group has applied the stand-alone taxpayer approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group. These tax amounts are measured as if each entity in the tax consolidated group continues to be a separate taxable entity in its own right. The nature of the tax funding agreement is discussed further below.

6 Non-financial assets and liabilities

(d) Deferred tax balances (continued)

(iii) Tax consolidation

Tax effect accounting by members of the tax consolidated group

In addition to its own current and deferred tax amounts, the head entity also recognises current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Nature of the tax funding agreement
Members of the tax consolidated group have entered into a tax funding agreement. Under the funding agreement, the wholly-owned entities fully compensate Beston Global Food Company Limited for any current tax payable assumed and are compensated for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits transferred to Beston Global Food Company Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements.

The tax funding agreement requires payments to/from the head entity to be recognised via an inter-entity receivable (payable) which is at call. To the extent that there is a difference between the amount charged under the tax funding agreement and the allocation under AASB Interpretation 1052, the head entity accounts for these as equity transactions with the subsidiaries.

The amount receivable or payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligation to pay tax instalments.

(e) Inventories

	30 June 2017 $'000	30 June 2016 $'000
Current assets		
Raw materials and stores	**1,480**	445
Finished goods – at cost	**10,180**	7,520
	11,660	7,965

(i) Assigning costs to inventories

The costs of individual items of inventory are determined using weighted average costs. See note 22(m) for the Group's other accounting policies for inventories.

(ii) Amounts recognised in profit or loss

Inventories recognised as expense during the year ended 30 June 2017 amounted to $14,437,941 (2016 - $8,538,344).

There were write-downs of inventories during the year of $92,391 (2016 - nil).

6 Non-financial assets and liabilities

(f) Intangible assets

	Goodwill $'000	Internally generated software* $'000	Customer contracts $'000	Lobster quotas $'000	Water licences $'000	Total $'000
At 1 July 2015						
Cost	-	-	-	-	25	25
Year ended 30 June 2016						
Opening net book amount	-	-	-	-	25	25
Additions - acquisition	-	210	-	4,949	2	5,161
Additions - internal development	-	153	-	-	-	153
Acquisitions of businesses	535	-	543	-	3,932	5,010
Closing net book amount	535	363	543	4,949	3,959	10,349
At 30 June 2016						
Cost	535	363	543	4,949	3,959	10,349
Accumulation amortisation	-	-	-	-	-	-
Net book amount	535	363	543	4,949	3,959	10,349
Year ended 30 June 2017						
Opening net book amount	535	363	543	4,949	3,959	10,349
Additions - acquisition	-	-	485	-	107	592
Additions - internal development	-	995	-	-	-	995
Acquisitions of businesses	1,312	-	735	-	-	2,047
Assets classified as held for sale	-	-	-	-	(27)	(27)
Amortisation charge	-	(105)	(283)	-	-	(388)
Closing net book amount	1,847	1,253	1,480	4,949	4,039	13,568
At 30 June 2017						
Cost	1,847	1,358	1,763	4,949	4,039	13,956
Accumulated amortisation	-	(105)	(283)	-	-	(388)
Net book amount	1,847	1,253	1,480	4,949	4,039	13,568

* Software includes capitalised development costs being an internally generated intangible asset.

(i) Amortisation methods and useful lives

For the year ended 30 June 2017, there was amortisation was recognised for the first time in relation to software, as specific assets were deemed in use by the Group. The Group amortises IT development and software from the date of first use, using the straight line method over 3-5 years.

Lobster quotas and water licences have an indefinite useful life and are not amortised:

- Lobster quotas: The Group has the right to the annual lobster quotas over an indefinite period and therefore the lobster quotas have an indefinite useful life.
- Water licences: The Group has the right to use water over an indefinite period and therefore the water licences are considered to have an indefinite useful life.

6 Non-financial assets and liabilities

(f) Intangible assets (continued)

(i) Amortisation methods and useful lives (continued)

Customer contracts were acquired as part of the AQUAessence Pty Ltd and Australian Provincial Cheese Pty Ltd business combinations. They are recognised at their fair value at the date of acquisition and are amortised on a straight-line based on the timing of the projected cash flows of the contracts over their estimated useful lives.

(ii) Impairment tests for goodwill

Goodwill has been tested for impairment. Based on valuations undertaken of the Beston Farm Pty Ltd's assets to which the goodwill relates, goodwill is not impaired. Refer to note 7 for further discussion relating to impairment assessment.

(g) Employee benefit obligations

	30 June 2017			30 June 2016		
	Current $'000	**Non-current $'000**	**Total $'000**	Current $'000	Non-current $'000	Total $'000
Leave obligations (i)	**137**	**25**	**162**	50	7	57

(i) Leave obligations

The leave obligations cover the Group's liability for long service leave and annual leave.

The current portion of this liability includes all of the accrued annual leave, the unconditional entitlements to long service leave where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount of the provision of $136,579 (2016 - $49,604) is presented as current, since the Group does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the Group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months. The following amounts reflect leave that is not to be expected to be taken or paid within the next 12 months.

	30 June 2017 $'000	30 June 2016 $'000
Current leave obligations expected to be settled after 12 months	**41**	15

7 Impairment

(a) Management analysis

The Group performed its annual impairment test in June 2016 and 2017. The Group considered the relationship between its market capitalisation and book value, among other factors, when reviewing for indicators of impairment. At 30 June 2017, the market capitalisation of the Group was below the book value of its equity, indicating a potential impairment of goodwill.

Goodwill which has been acquired through business combinations, and intangible assets with indefinite lives such as lobster quota's and water licenses, are allocated to the Dairy, Seafood and Health CGUs, which are operating and reporting segments for the purposes of impairment testing. Meat and Distribution CGUs have no allocated goodwill or indefinite life intangibles, and as such have not been subject to impairment testing.

Assumptions have been tested in each of the segments, with conservative estimates applied to ensure each of the CGUs are robust in their assessment of future cash flows.

(i) Dairy CGU

The recoverable amount of the Dairy CGU, $84.3 million as at 30 June 2017, has been determined based on a value in use calculation using cash flow projections from financial budgets and forecasts, approved by senior management, and covering a five year period. The pre-tax discount rate applied to the cash flow projections is 11.38% and the cash flows beyond the five-year period are extrapolated using a 2.1% growth rate that is the same as the long-term average growth rate. It was concluded that the fair value less costs of disposal did not exceed the value in use.

As a result of this analysis management did not identify impairment for this CGU.

(ii) Seafood CGU

The recoverable amount of the Seafood CGU, $23.5 million as at 30 June 2017, has been determined based on a value in use calculation using cash flow projections from financial budgets and forecasts, approved by senior management, and covering a five year period. The pre-tax discount rate applied to the cash flow projections is 10.24% and the cash flows beyond the five-year period are extrapolated using a 2.1% growth rate that is the same as the long-term average growth rate. It was concluded that the fair value less costs of disposal did not exceed the value in use.

As a result of the analysis management did not identify impairment for this CGU.

(iii) Health CGU

The recoverable amount of the Health CGU, $29.1 million as at 30 June 2017, has been determined based on a value in use calculation using cash flow projections from financial budgets and forecasts, approved by senior management, and covering a five year period. The pre-tax discount rate applied to the cash flow projections is 10.82% and the cash flows beyond the five-year period are extrapolated using a 2.1% growth rate that is the same as the long-term average growth rate. It was concluded that the fair value less costs of disposal did not exceed the value in use.

As a result of this analysis management did not identify impairment for this CGU.

7 Impairment

(b) Key assumptions

The calculation of value in use for Dairy, Health and Seafood operating segments is most sensitive to the following assumptions:

- Discount rates; and
- Growth rate estimates used to extrapolate cash flows beyond the forecast period

(i) Discount rates

Discount rates represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments, and is derived from the Group's weighted average cost of capital (WACC).

The WACC takes into account both debt and equity, despite the Group having no debt facility. The cost of equity is derived from the expected return on investment by the Group's investors. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data. Adjustments to the discount rate are made to factor in the specific amount and timing of the future tax flows in order to reflect a pre-tax discount rate.

An increase of the pre-tax discount rate to 11.88% (i.e. +0.5%) in the Dairy CGU would result is a decrease in the recoverable amount of $7.5 million. This decrease would not result in impairment.

An increase of the pre-tax discount rate to 10.74% (i.e. +0.5%) in the Seafood CGU would result is a decrease in the recoverable amount of $1.6 million. This decrease would not result in impairment.

An increase of the pre-tax discount rate to 11.32% (i.e. +0.5%) in the Health CGU would result is a decrease in the recoverable amount of $2.0 million. This decrease would not result in impairment.

(ii) Growth rate estimates

Rates are based on published industry research. Management have intentionally used conservative growth rate estimates when extrapolating cash flows beyond the forecast period. Growth rate estimates of 2.1% were used across all CGUs. As growth rates are in line with long term growth rates, no sensitivities have been performed.

8 Equity

(a) Contributed equity

	30 June 2017 Shares	30 June 2016 Shares	30 June 2017 $'000	30 June 2016 $'000
Ordinary shares - fully paid	**433,315,877**	363,241,052	**147,535**	113,472

(i) Movements in ordinary share capital

	Number of shares	$'000
Opening balance 1 July 2015	77,526,766	21,471
Share issue via Initial Public Offering - 28 August 2015	285,714,286	100,000
	363,241,052	121,471
Less: Equity raising costs	-	(9,420)
Deferred tax credit recognised directly in equity	-	1,421
Balance 30 June 2016	**363,241,052**	**113,472**
Exercise of Founders' Rights	16,023,704	5,608
Share issue via placement - 31 August 2016	64,051,111	28,823
	443,315,867	147,903
Less: Equity raising costs	-	(368)
Balance 30 June 2017	**443,315,867**	**147,535**

(ii) Ordinary shares

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

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

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

(b) Other reserves

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

	30 June 2017 $'000	30 June 2016 $'000
Share-based payments	**9**	5,617
Foreign currency translation	**(491)**	(48)
	(482)	5,569

8 Equity

(b) Other reserves (continued)

	30 June 2017 $'000	30 June 2016 $'000
Movements:		
Share-based payments		
Opening balance	5,617	-
Issue of shares held by entity to employees	-	5,617
Employee Share Trust to employees	(5,608)	-
Balance 30 June	9	5,617
Foreign currency translation		
Opening balance	(48)	-
Currency translation differences arising during the year	(443)	(48)
Balance 30 June	(491)	(48)

(i) Nature and purpose of other reserves

Share-based payments

The share-based payments reserve is used to recognise Founders' Rights issued to non-executive Directors. This represents the fair value at grant date.

Foreign currency translation

Exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income as described in note 22(d) and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

(c) Accumulated losses

Movements in accumulated losses were as follows:

	Notes	30 June 2017 $'000	30 June 2016 $'000
Opening balance		(3,670)	(1,954)
Net loss for the period attributable to equity holders of the parent		(7,749)	(1,716)
Dividends	11(b)	(2,179)	-
Balance 30 June		(13,598)	(3,670)

9 Cash flow information

(a) Reconciliation of loss after income tax to net cash outflow from operating activities

	Notes	30 June 2017 $'000	30 June 2016 $'000
Loss for the year		(8,007)	(1,720)
Adjustment for			
Depreciation and amortisation	3(b)	713	830
Bad debts written off		440	430
Non-cash employee benefits expense - share-based payments		-	1,199
Net loss on disposal of fixed assets		257	5
Fair value adjustment to biological assets		(5)	3
Share of loss from associates	13(c)	654	156
Foreign exchange loss		27	(95)
Transaction costs expensed on issue of shares		-	1,356
Interest Income		-	1,465
Interest expense		-	(19)
Gain on bargain purchase		-	(2,881)
Inventory write-off		92	-
Gain on disposal of livestock		(215)	-
Grant income received		(837)	-
Change in operating assets and liabilities:			
(Decrease)/Increase in trade and other receivables		679	(16,366)
Increase in inventories		(3,787)	(7,577)
Increase in deferred tax assets		(1,803)	(1,804)
Increase in trade and other payables		669	6,660
(Decrease)/Increase in provision for income taxes payable		(875)	875
Increase in deferred tax liabilities		306	720
Increase in other provisions		105	57
Net cash inflow (outflow) from operating activities		(11,587)	(16,706)

10 Financial risk management

This note explains the Group's exposure to financial risks and how these risks could affect the Group's future financial performance. Current year profit and loss information has been included where relevant to add further context. Senior management oversees the management of these risks. The Board of Directors reviews and agrees policies for managing each of these risks.

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risk is the risk that the fair value of future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency) and the Group's net investments in foreign subsidiaries.

Exposure

The Group's exposure to foreign currency risk at the end of the reporting period, expressed in Australian dollar, was as follows:

	30 June 2017			30 June 2016		
	USD	CNY	THB	USD	CNY	THB
	$'000	$'000	$'000	$'000	$'000	$'000
Trade receivables	1	682	416	-	-	987
Trade payables	(19)	(12)	(34)	(1,647)	-	(28)

Amounts recognised in profit or loss and other comprehensive income

During the year, the following foreign exchange related amounts were recognised in profit or loss:

	30 June 2017 $'000	30 June 2016 $'000
Amounts recognised in profit or loss		
Net foreign exchange gain/(loss) included in other income/other expenses	(27)	(95)
Total net foreign exchange gains/(losses) recognised in profit before income tax for the period	(27)	(95)

Sensitivity

The sensitivity of profit or loss to changes in the exchange rates is summarised below. Given the foreign currency balances included in the consolidated balance sheet at balance date, if the Australian dollar at that date strengthened by 10% with all other variables held constant, then the impact on post tax profit/(loss) arising on the balance sheet exposure would be as follows:

	Impact on post-tax profit	
	2017	2016
Index	$'000	$'000
THB/AUD exchange rate - increase 10%	(32)	(99)
THB/AUD exchange rate - decrease 10%	39	81
CNY/AUD exchange rate - increase 10%	(61)	-
CNY/AUD exchange rate - decrease 10%	74	-
USD/AUD exchange rate - increase 10%	(54)	183
USD/AUD exchange rate - decrease 10%	209	(150)

10 Financial risk management

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

Sensitivity (continued)

(ii) Cash flow and fair value interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's cash at bank held at variable rates.

	30 June 2017 $'000	30 June 2016 $'000
Cash and cash equivalents	28,702	19,372

Sensitivity

The following sensitivity analysis is based on the interest rate risk exposures in existence at balance date. At 30 June 2017, if interest rates had moved as illustrated in the table below, with all other variables held constant, post-tax profit would have been impacted as follows:

	Impact on post-tax profit	
	2017 $'000	2016 $'000
Interest rates - increase by 100 basis points	240	193
Interest rates - decrease by 100 basis points	(240)	(193)

(iii) Price risk

Exposure

The Group is affected by the price volatility of certain commodities. Its operating activities require the ongoing purchase of milk and manufacture of cheddar and other cheese products, in addition to seafood and therefore require a continuous supply of milk and seafood. The Group manages commodity risk by where possible entering into longer term relationships with key suppliers that create more certainty around key commodity prices.

(b) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. The maximum exposure to credit risk before any credit enhancements at the end of each reporting period is the carrying amount of the financial assets (refer note 5(b)).

(i) Risk management

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment.

Management have regular reporting and assessment of key customers credit risk in order to manage this.

10 Financial risk management

(b) Credit risk (continued)

(ii) Impaired trade receivables

Individual receivables which are known to be uncollectible are written off by reducing the carrying amount directly. The other receivables are assessed collectively to determine whether there is objective evidence that an impairment has been incurred but not yet been identified. For these receivables the estimated impairment losses are recognised in a separate provision for impairment. The Group considers that there is evidence of impairment if any of the following indicators are present:

- significant financial difficulties of the debtor; and
- probability that the debtor will enter bankruptcy or financial reorganisation.

Receivables for which an impairment provision was recognised are written off against the provision when there is no expectation of recovering additional cash.

Impairment losses are recognised in profit or loss within other expenses. Subsequent recoveries of amounts previously written off are credited against other expenses. See note 7 for information about how impairment losses are calculated.

Movements in the provision for impairment of trade receivables that are assessed for impairment collectively are as follows:

	30 June 2017 $'000	30 June 2016 $'000
At 1 July	**-**	-
Provision for impairment recognised during the year	**469**	430
Receivables written off during the year as uncollectible	**(427)**	(430)
At 30 June	**42**	-

(iii) Past due but not impaired

As at 30 June 2017, trade receivables of $4,137,375 (2016 - $1,228,643) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default.

	30 June 2017 $'000	30 June 2016 $'000
Up to 3 months	**1,995**	574
3 to 6 months	**1,213**	192
6 to 9 months	**929**	463
	4,137	1,229

(c) Liquidity risk

The Group monitors its risk to a shortage of funds using a liquidity planning tool. The Group's objective is to maintain a sufficient cash surplus in order to pay its debts as and when they fall due.

All financial liabilities of the Group are non-derivatives and have contractual maturities of up to 6 months.

11 Capital management

(a) Risk management

The Group's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders.

In order to maintain the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

(b) Dividends

(i) Ordinary shares

There were no dividends provided for during the year ended 30 June 2017 (2016: $0.006 cents). Dividends paid during the year during the year ended 30 June 2017 were $2,179,447, paid on October 31 2016, relating to the prior year final dividend (2016: nil).

12 Business combination

(a) Summary of acquisition

On 15 September 2016, the Company acquired the manufacturing assets of Australian Provincial Cheese Pty Ltd ("APC") necessary to continue operation of its business, namely production of the Grange Peak and Mable's cream cheese products. The acquisition has been accounted for using the acquisition method, which has given rise to goodwill on acquisition. The financial statements include the results for APC for the year from acquisition date.

The award-winning Grange Peak and Mable's products are distributed in both Australian and overseas markets. The Group will continue the production and distribution of these products through integration of APC's manufacturing assets with Beston Pure Dairies Pty Ltd's Murray Bridge factory.

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

	$'000
Purchase consideration:	
Cash paid	764
Settlement of debtors	86
Settlement of loans	250
Settlement of convertible note	1,100
Total purchase consideration	2,200

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

	Fair value $'000
Plant and equipment	374
Intangible assets: Customer contracts	734
Net identifiable assets acquired	1,108
Add: Goodwill acquired	1,312
Less: Deferred Tax Liability recognised on acquisition of Customer contracts	(220)
Net assets acquired	2,200

(i) Revenue and profit contribution

The acquired business contributed revenues of $841,528 and a net loss of $527,060 to the Group for the period from 15 September 2016 to 30 June 2017. The loss is partially due to one-off setup and integration costs, as well as inefficiencies in the manufacturing line. It is anticipated that these will be rectified in the subsequent financial year.

12 Business combination

(a) Summary of acquisition (continued)

(i) Revenue and profit contribution (continued)

It is impractical to include what the revenue and profit of the Group would have been for the half-year if the acquisition had occurred at the beginning of the period, since APC had to stall operations prior to acquisition and the information is not readily available.

(ii) Acquisition-related costs

Acquisition-related costs of $30,929 are included in other expenses in the consolidated statement of comprehensive income and in operating cash flows in the consolidated statement of cash flows.

13 Interests in other entities

(a) Material subsidiaries

The Group's principal subsidiaries at 30 June 2017 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

Name of entity	Country of incorporation and operation	Ownership interest held by the Group 2017 %	Ownership interest held by the Group 2016 %	Ownership interest held by NCI 2017 %	Ownership interest held by NCI 2016 %	Principal activities
Beston Global Food Company Limited	Australia	**100.0**	100.0	-	-	Food services
Beston Farms Pty Ltd	Australia	**100.0**	100.0	-	-	Dairy farming
Beston Dairies Pty Ltd	Australia	**100.0**	100.0	-	-	Dairy production
Beston Pure Foods (Australia) Pty Ltd	Australia	**100.0**	100.0	-	-	Sales and distribution
Beston Global Food (Thailand) Company Limited	Thailand	**98.0**	98.0	**2.0**	2.0	Sales and distribution
Beston Global Food Company (Hong Kong) Limited	Hong Kong	**100.0**	100.0	-	-	Sales and distribution
Beston Global Food Company (Dalian) Limited	China	**100.0**	100.0	-	-	Sales and distribution
Beston Technologies Pty Ltd	Australia	**100.0**	100.0	-	-	Technology developer
AQUAessence Pty Ltd	Australia	**51.0**	51.0	**49.0**	49.0	Water products

(b) Non-controlling interests (NCI)

	30 June 2017 $'000	30 June 2016 $'000
Interest in:		
Share capital	**685**	948
Retained earnings	**-**	(5)
	685	943

13 Interests in other entities

(b) Non-controlling interests (NCI) (continued)

Set out below is summarised financial information for each subsidiary that has non-controlling interests that are material to the Group. The amounts disclosed for each subsidiary are before inter-company eliminations.

	AQUAessence Pty Ltd	
Summarised balance sheet	**30 June 2017 $'000**	30 June 2016 $'000
Current assets	**400**	491
Current liabilities	**524**	483
Current net assets	**(124)**	8
Non-current assets	**2,155**	1,961
Non-current liabilities	**794**	5
Non-current net assets	**1,361**	1,956
Net assets	**1,237**	1,964
Accumulated NCI	**606**	963

	AQUAessence Pty Ltd	
Summarised statement of comprehensive income	**30 June 2017 $'000**	30 June 2016 $'000
Revenue	**319**	61
Profit for the period	**(720)**	30
Total comprehensive income	**(720)**	30
Profit/(loss) allocated to NCI	**(353)**	15

	AQUAessence Pty Ltd	
Summarised cash flows	**30 June 2017 $'000**	30 June 2016 $'000
Cash flows from operating activities	**470**	49
Cash flows from investing activities	**(403)**	(2,256)
Cash flows from financing activities	**(26)**	2,224
Net increases/(decrease) in cash and cash equivalents	**41**	17

13 Interests in other entities

(c) Interests in associates

Name of entity	Country of incorporation and operation	% of ownership interest 2017 %	2016 %	Nature of relationship	Measurement method	Carrying amount 2017 $'000	2016 $'000
Ferguson Australia Pty Ltd	Australia	**32**	32	Associate	Equity method	**4,716**	4,997
Neptune Bio-Innovations Pty Ltd	Australia	**20**	20	Associate	Equity method	**11,558**	11,938
Total equity accounted investments		**52**				**16,274**	16,935

(1) Ferguson Australia Pty Ltd is a processor and exporter of premium seafood products. It is a strategic investment for the Group to complement its distribution of seafood products into Asia. The Group holds additional lobster quotas to increase the supply of Ferguson Australia Pty Ltd's core product, the Southern Rock Lobster. This investment is contained within the Seafood segment of the Group.

(2) Neptune Bio-Innovations Pty Ltd is an industry recognised and accredited Research & Development food contract manufacturer, operating in the Food & Beverage, Nutritional, Personal Care and Nutraceutical product industries. It is a strategic investment for the Group offering a range of health and well-being enhancing functional foods, either used as stand-alone products or in conjunction with the Dairy, Meat and Health divisions. This investment is contained in the Health segment of the Group.

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

(i) Summarised financial information for associates

	Ferguson Australia Pty Ltd		Neptune Bio-Innovations Pty Ltd	
Summarised balance sheet	**30 June 2017 $'000**	30 June 2016 $'000	**30 June 2017 $'000**	30 June 2016 $'000
Current assets				
Cash and other cash equivalents	**5**	44	**1,426**	5,938
Other current assets	**4,350**	2,428	**1,591**	891
Total current assets	**4,355**	2,472	**3,017**	6,829
Non-current assets	**6,726**	6,310	**4,015**	3,750
Current liabilities				
Financial liabilities (excluding trade payables)	**5,039**	2,347	**-**	441
Other current liabilities	**3,317**	2,488	**532**	1,676
Total current liabilities	**8,356**	4,835	**532**	2,117
Non-current liabilities				
Financial liabilities (excluding trade payables)	**-**	431	**-**	79
Other non-current liabilities	**161**	80	**202**	185
Total non-current liabilities	**161**	511	**202**	264
Net assets	**2,564**	**3,436**	**6,298**	**8,198**

13 Interests in other entities

(c) Interests in associates (continued)

(i) Summarised financial information for associates (continued)

	Ferguson Australia Pty Ltd		Neptune Bio-Innovations Pty Ltd	
Reconciliation to carrying amounts	**30 June 2017 $'000**	30 June 2016 $'000	**30 June 2017 $'000**	30 June 2016 $'000
Opening net assets	**3,436**	4,875	**8,198**	8,721
(Loss)/profit for the period	**(872)**	(764)	**(1,900)**	(523)
Distributions	**-**	(675)	**-**	-
Closing net assets	**2,564**	3,436	**6,298**	8,198
Group share in %	**32.0%**	32.0%	**20.0%**	20.0%
Group's share in $	**820**	1,131	**1,260**	1,640
Goodwill	**3,896**	3,866	**10,298**	10,298
Carrying amount	**4,716**	4,997	**11,558**	11,938

	Ferguson Australia Pty Ltd		Neptune Bio-Innovations Pty Ltd	
Summarised statement of comprehensive income	**30 June 2017 $'000**	30 June 2016 $'000	**30 June 2017 $'000**	30 June 2016 $'000
Revenue	**60,095**	54,288	**1,297**	4,434
Interest income	**31**	5	**177**	160
Depreciation and amortisation	**(330)**	(331)	**(194)**	(418)
Interest expense	**(278)**	(329)	**-**	(66)
Income tax expense	**(344)**	(58)	**-**	-
(Loss)/profit for the period from continuing operations	**(872)**	(764)	**(1,900)**	(523)
Other comprehensive income	**-**	-	**-**	-
Total comprehensive income	**(872)**	**(764)**	**(1,900)**	**(523)**

14 Contingent liabilities and contingent assets

The Group had no contingent assets or liabilities at 30 June 2017 (2016 - nil).

15 Commitments

(a) Non-cancellable operating leases - Group as lessee

The Group leases its offices under non-cancellable operating leases expiring within 3 years. The Group also leases farm equipment under non-cancellable leases expiring within 5 years. Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

	30 June 2017 $'000	30 June 2016 $'000
Within one year	239	79
Later than one year but not later than five years	126	51
	365	130

(b) Lease commitments: group as lessee

The Group has finance leases and hire purchase contracts for various items of plant and machinery. The Group's obligations under finance leases are secured by the lessor's title to the leased assets. Future minimum lease payments under finance leases and hire purchase contracts, together with the present value of the net minimum lease payments are, as follows:

	30 June 2017 $'000	30 June 2016 $'000
Within one year	74	-
Later than one year but not later than five years	98	-
	172	-

(c) Other commitments

At 30 June 2017, the Group had commitments of $8,044,016 relating to milk supply purchases from farmers. These milk purchase commitments have terms of between 1 and 3 years.

At 30 June 2017, the Group had commitments of $7,008,614 relating to equipment capital expenditure. These capital expenditure commitments have terms of less than 1 year.

16 Events occurring after the reporting period

No other matter or circumstance has arisen since 30 June 2017 that has significantly affected the Group's operations, results or state of affairs, or may do so in future years.

17 Related party transactions

(a) Subsidiaries

Interests in subsidiaries are set out in note 13(a).

17 Related party transactions

(b) Key management personnel compensation

	30 June 2017 $	30 June 2016 $
Short-term employee benefits	**252,667**	220,110
Post-employment benefits	**24,003**	20,767
Long-term benefits	**-**	-
Termination benefits	**-**	-
Share-based payments	**-**	5,467,879
	276,670	5,708,756

(c) Transactions with other related parties

The following transactions occurred with related parties:

	30 June 2017 $	30 June 2016 $
Sales of goods and services		
Sales of goods to investee entities	**412,121**	-
Management fees from investee entities	**-**	1,140,000
Remuneration received for directors services	**90,000**	136,562
Interest income from investee entities	**644,338**	778,662
Purchases of goods and services		
Purchases of electronic equipment from other related parties	**(545,344)**	-
Purchases of various goods and services from related parties	**(1,513,630)**	(4,260,089)
Management fees to the Investment Manager	**(2,380,498)**	(1,595,980)
Reimbursement of costs associated with business formation	**-**	(640,000)

(i) Transactions with other related parties

The Group entered into the following transactions with related parties:

- Provision of management services to Neptune Bio-Innovations Pty Ltd to assist in commercialisation processes
- Provision of additional directors services to all associates and investee entities
- Provision of funding via convertible notes and charging of interest on balances owing to all associates
- Purchases of products from associates and investee entities for export and on-sale to third parties
- Purchases of products from associates and investees entities for sale via the Beston Marketplace e-commerce platform
- Procurement of management services from the Investment Manager
- Payment to BPAM for costs incurred pre-IPO in forming the Group

(d) Outstanding balances arising from sales/purchases of goods and services

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

17 Related party transactions

(d) Outstanding balances arising from sales/purchases of goods and services (continued)

	30 June 2017 $	30 June 2016 $
Outstanding balances receivable/(payable)		
Current receivables	**2,226,510**	1,705,312
Current payables	**(134,383)**	(1,054,389)

(e) Loans to/from related parties

	30 June 2017 $	30 June 2016 $
Loans to other related parties		
Beginning of the year	**32,503**	18,003
Loans advanced	**250,000**	14,500
Loans converted to sales proceeds	**(250,000)**	-
End of year	**32,503**	32,503

There is no allowance account for impaired receivables in relation to any outstanding balances, and no expense has been recognised in respect of impaired receivables due from related parties.

(f) Terms and conditions

(i) Transactions with the Investment Manager

The Company outsources various investment management and administrative functions to an Investment Manager, including key management personnel services. Dr Sexton controls and Mr Gerlach is a director of the Investment Manager, Beston Pacific Asset Management Pty Ltd ("BPAM"). The Investment Manager receives a fee for its management of the Group. This fee is equal to 1.20% per annum (exclusive of GST) of the gross portfolio value of the assets of the Group.

The Investment Manager will also be entitled to receive a performance fee for outperformance by BFC. Outperformance is calculated as the total shareholder return against a benchmark index, namely the ASX All Ordinaries Accumulation Index.

The key metrics of the fee are summarised below:

Key metrics	1 July 2016	30 June 2017	Performance
Beston Global Food Company Limited	$0.4100	$0.225	-45.12%
ASX All Ordinaries Accumulation Index	$48,530.36	$54,897.11	13.12%

The All Ordinaries Accumulation Index is a benchmark used to measure total investment performance, and is largely used to compare the performance of professionally managed funds. It is a publicly available measurement of the trend of price movements, incorporating the dividends paid.

The performance fee is calculated as follows:

A. Market capitalisation	$103,351,403.00
B. Outperformance factor (BFC TSR% - ASX:XAOAI TSR%)	-58.24%
C. Agreed performance fee %	17.5%
Total performance fee for the 6 months to 30 June 2017: A x B x C	$0.00

17 Related party transactions

(f) Terms and conditions (continued)

(ii) Transactions with other related parties

Grape Ensembles Co Pty Ltd is beneficially controlled by Dr Sexton. Grape Ensembles Co Pty Ltd holds an 80% interest in a company that owns the BRANDLOK intellectual property associated with brand protection seals which has been developed as an anti-counterfeiting device. The Company has an option to purchase Grape Ensembles Co Pty Ltd's 80% shareholding in Brandlock Protection Solutions Pty Ltd ("BBPS"). The purchase price for BBPS has been agreed at the greater of 10 times the net profit after tax of BBPS; the then market value of the 80% holding of BBPS; and $2,000,000. These rights are exercisable by the independent Directors of Beston Global Food Company Limited and include tag along and drag along rights to enable the Company to acquire 100% of BBPS.

Main & Cherry is controlled by a family member of Dr Sexton, who has no pecuniary interest in Main & Cherry. During the year, the Group purchased wine stock from Main & Cherry for export into Asia. The purchases were made based on normal commercial terms and conditions.

Sales of goods to other associates and related parties during the year were based on the price lists in force and terms that would be available to third parties. Purchases of goods from associates and other related parties during the year were also based on the price lists in force and terms that would be available to third parties.

All amounts owing to and from associates and related parties are settled on normal commercial terms and time frames. No interest was charged on balances owing to or from associates and related parties.

Management fees from investee companies are invoiced at appropriate milestones as agreed with them beforehand, and on normal commercial terms.

Remuneration received for directors services is charged every six months in arrears.

Interest income from investee companies is invoiced monthly in arrears, in line with their respective convertible note agreements.

No guarantees were provided for any related parties.

18 Share-based payments

(a) Employee Option Plan

In July 2015, 16,047,776 Founders' Rights were granted to senior executives under a Founders' Performance Rights Plan. The Plan gives founders the right to acquire the number of shares necessary for their overall shareholding to equate to 5% of the total shares on issue post IPO. The fair value of the rights granted during the year ended 30 June 2016 was estimated on the date the rights were issued being the value of shares at the time of the IPO, $0.35.

For the year ended 30 June 2017, the Group has recognised a share-based payment reserve of $8,524 (2016: $5,616,721) in relation to the rights. The share-based payments expense in the consolidated statement of comprehensive income is nil (2016: $1,198,780) representing the portion of the share-based payment that relates to the pre IPO shares on issue. The remaining share-based payment has been recognised in contributed equity as an equity raising cost.

These Founders' Rights were exercised on 7 December 2016. The share price on the date of exercise was $0.35.

18 Share-based payments

(b) Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefit expense were as follows:

	30 June 2017 $	30 June 2016 $
Founders' Rights	-	1,198,780

19 Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the entity and its related practices:

Ernst & Young

	2017 $	2016 $
Audit and other assurance services		
Audit and review of financial statements	146,890	94,738
Taxation services		
Tax compliance services	107,204	65,896
Total remuneration of Ernst & Young	254,094	160,634

20 Earnings per share

(a) Basic earnings per share

	30 June 2017 Cents	30 June 2016 Cents
From continuing operations attributable to the ordinary equity holders of the Company	(1.82)	(0.54)
From discontinued operations	-	-
Total basic earnings per share attributable to the ordinary equity holders of the Company	(1.82)	(0.54)

20 Earnings per share

(b) Diluted earnings per share

	30 June 2017 Cents	30 June 2016 Cents
From continuing operations attributable to the ordinary equity holders of the Company	**(1.82)**	(0.54)
From discontinued operations	**-**	-
Total diluted earnings per share attributable to the ordinary equity holders of the Company	**(1.82)**	(0.54)

The Founders' Rights per note 18(a) have not been included in the diluted earnings per share calculation as they are anti-dilutive for the period presented.

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

	30 June 2017 $'000	30 June 2016 $'000
Basic earnings per share		
Loss attributable to the ordinary equity holders of the Company used in calculating basic earnings per share:		
From continuing operations	**(7,749)**	(1,716)
From discontinued operations	**-**	-
	(7,749)	(1,716)
Diluted earnings per share		
Loss from continuing operations attributable to the ordinary equity holders of the Company		
Used in calculating basic earnings per share	**(7,749)**	(1,716)
Used in calculating diluted earnings per share	**(7,749)**	(1,716)

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

	2017 Number	2016 Number
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share	**425,631,252**	317,839,878

21 Parent entity financial information

(a) Summary financial information

The individual financial statements for the parent entity show the following aggregate amounts:

	30 June 2017 $'000	30 June 2016 $'000
ASSETS		
Current assets	32,823	29,745
Non-current assets	110,003	88,337
Total assets	142,826	118,082
LIABILITIES		
Current liabilities	2,507	2,380
Non-current liabilities	2	1
Total liabilities	2,509	2,381
Net assets	140,317	115,701
EQUITY		
Issued capital	147,358	113,472
Reserves		
Share-based payments	8	5,617
Accumulated losses	(4,646)	(3,388)
Dividends paid	(2,179)	-
Foreign currency translation reserve	(224)	-
Total equity	140,317	115,701
Profit or loss for the period	(2,127)	(2,392)
Total comprehensive income	(2,127)	(2,392)

(b) Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 30 June 2017 or 30 June 2016.

22 Summary of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements to the extent they have not already been disclosed in the other notes above. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the Group consisting of Beston Global Food Company Limited and its subsidiaries.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. Beston Global Food Company Limited is a for-profit entity for the purpose of preparing the financial statements.

(i) Compliance with IFRS

The consolidated financial statements of the Beston Global Food Company Limited Group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

(ii) Historical cost convention

These financial statements have been prepared under the historical cost basis, except for Biological Assets which are recognised at fair value less costs to sell.

(iii) Changes in accounting policy

As a consequence of an IFRS Interpretation Committee (IFRIC) agenda decision issued in November 2016, management has amended its accounting policy to recognise a deferred tax liability on indefinite life intangibles acquired as part of a business combination. The amendment resulted in an increase of $1.2 million to goodwill and deferred tax liabilities as at the beginning of the earliest comparative period.

All other accounting policies are consistent with those applied in the previous financial year.

(iv) New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time in their annual reporting period commencing 1 July 2016:

- AASB 2014-4 *Amendments to Australian Accounting Standards - Clarification of Acceptable Methods of Depreciation and Amortisation*

There has been no material impact to the Group's results or disclosures as a result of these new standards.

The adoption of these amendments did not have any impact on the current period or any prior period and is not likely to affect future periods.

The Group also elected to adopt the following amendments early:

- *AASB 2015-1 Amendments to Australian Accounting Standards - Annual Improvements to Australian Accounting Standards 2012-2014 Cycle*, and
- AASB 2016-2 *Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 107.*

As these amendments merely clarify the existing requirements, they do not affect the Group’s accounting policies or any of the disclosures.

22 Summary of significant accounting policies

(a) Basis of preparation (continued)

(v) Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

Revaluation of biological assets

The Group carries its biological assets at fair value, with changes in fair value being recognised in the statement of comprehensive income. The Group engaged an independent valuation specialist to assess the fair value of biological assets at 30 June 2017. A valuation methodology based on fair value less costs of disposal was used. Refer to note 6 (c) for further disclosures.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The value in use calculation is based on a Discounted Cash Flow ("DCF") model, with cash flows derived from the forecast for the next five years, and do not include restructuring activities that the Group is not yet committed to or significant future investments. These estimates are most relevant to goodwill and other intangible assets with indefinite useful lives recognised by the Group. The key assumptions used to to determine the recoverable amount for the different CGUs are disclosed and further explained in note 7.

Deferred tax balances

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Management judgement is required to determine the amount of deferred tax asset that can be recognised, based on the likely timing and the level of future taxable profits, together with future tax planning strategies. Further details on deferred tax balances are disclosed in note 6 (d).

(vi) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2017 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations is set out below.

Title of standard	Nature of change	Impact	Mandatory application date/ Date of adoption by group
AASB 9 *Financial Instruments*	AASB 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities and introduces new rules for hedge accounting. In December 2014, the AASB made further changes to the classification and measurement rules and also introduced a new impairment model. These latest amendments now complete the new financial instruments standard.	While the Group has yet to undertake a detailed assessment of the impact of AASB 9, the Group does not expect there to be a material impact of the Group's asset and liabilities. • Classification and measurement of the Group's financial assets and liabilities is expected to remain consistent under the new standard. • At 30 June 2017, there are no hedge relationships in place. • The new impairment model is an expected credit loss model which may result in the earlier recognition of credit losses.	Mandatory for financial years commencing on or after 1 January 2018. At this stage, the Group does not intend to adopt the standard before its effective date.

22 Summary of significant accounting policies

(a) Basis of preparation (continued)

(vi) New standards and interpretations not yet adopted (continued)

Title of standard	Nature of change	Impact	Mandatory application date/ Date of adoption by group
AASB 15 *Revenue from Contracts with Customers*	The AASB has issued a new standard for the recognition of revenue. This will replace AASB 118 which covers contracts for goods and services and AASB 111 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer - so the notion of control replaces the existing notion of risks and rewards.	While the Group has yet to undertake a detailed assessment of the impact of AASB 15, the Group does not expect there to be a material impact for the Group's revenue from customers. • All revenue from contracts with customers recognised by the Group as at 30 June 2017 relates to the sale or resale of goods, with a single performance obligation. • Satisfaction of the performance obligation occurs at the point in time of transfer of ownership of the goods to the customer. • Transaction price is generally a fixed consideration. No allocation of variable consideration is needed.	Mandatory for financial years commencing on or after 1 January 2018. At this stage, the Group does not intend to adopt the standard before its effective date.
AASB 16 *Leases*	AASB 16 was issued in February 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not significantly change.	While the Group has yet to undertake a detailed assessment of the impact of AASB 16, the Group does not expect there to be a material impact of the Group's asset and liabilities. • The standard will affect primarily the accounting for the Group's operating leases. At the reporting date, the Group has lease commitments currently disclosed as operating leases of $0.37 million (refer to note 15) over a period of 2 years. • Some commitments disclosed relate to milk purchases will not qualify as leases under AASB 16.	Mandatory for financial years commencing on or after 1 January 2019. At this stage, the Group does not intend to adopt the standard before its effective date.

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Standards that are not yet effective that would be expected to have an immaterial impact on the entity in the current or future periods include:

22 Summary of significant accounting policies

(a) Basis of preparation (continued)

(vi) New standards and interpretations not yet adopted (continued)

- AASB 2016-2 *Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 107*
- AASB 2016-5 *Amendments to Australian Accounting Standards - Classification and Measurement of Share-based Payment Transactions*
- AASB Interpretation 22 *Foreign Currency Transactions and Advance Consideration*
- IFRIC Interpretation 23 *Uncertainty over Income Tax Treatments*

(b) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Beston Global Food Company Limited ("Company" or "parent entity") as at 30 June 2017 and the results of all subsidiaries for the year then ended. Beston Global Food Company Limited and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group 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 to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group (refer to note 22(i)).

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated balance sheet respectively.

(ii) Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (see (iii) below), after initially being recognised at cost.

(iii) Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 22(j).

22 Summary of significant accounting policies

(c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The Board of Beston Global Food Company Limited has appointed an executive management committee which assesses the financial performance and position of the Group, and makes strategic decisions. The executive management committee, which has been identified as being the chief operating decision maker, consists of the Chief Executive Officer and the Chief Financial Officer.

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars ($), which is Beston Global Food Company Limited's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign exchange gains and losses are presented in the consolidated income statement on a net basis within other income or other expenses.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the date of initial transactions.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as available-for-sale financial assets are recognised in other comprehensive income.

(iii) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet
- income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in other comprehensive income.

When a foreign operation is sold, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

(e) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

22 Summary of significant accounting policies

(e) Revenue recognition (continued)

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

The specific accounting policies for the Group's main types of revenue are explained in note 2. Revenue for interest income is recognised on the following basis:

Interest income is recognised using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

(f) Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

(g) Income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Beston Global Food Company Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are set off in the consolidated financial statements.

22 Summary of significant accounting policies

(g) Income tax (continued)

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(h) Leases

Leases of property, plant and equipment where the Group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases (note 15). Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term . The respective leased assets are included in the consolidated balance sheet based on their nature.

(i) Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the following:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the Group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest’s proportionate share of the acquired entity’s net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity’s incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

22 Summary of significant accounting policies

(i) Business combinations (continued)

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

(j) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or Groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(k) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the consolidated balance sheet.

(l) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. See note 5(b) for further information about the Group's accounting for trade receivables and note 10(b) for a description of the Group's impairment policies.

(m) Inventories

Raw materials and stores, work in progress and finished goods

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity.

Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(n) Investments and other financial assets

(i) Classification

The Group classifies its financial assets in the following categories:

- financial assets at fair value through profit or loss,
- loans and receivables,
- held-to-maturity investments, and
- available-for-sale financial assets.

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at the end of each reporting period.

22 Summary of significant accounting policies

(n) Investments and other financial assets (continued)

(i) Classification (continued)

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are expected to be settled within 12 months; otherwise they are classified as non-current.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting period which are classified as non-current assets. Loans and receivables are included in trade and other receivables and receivables in the balance sheet.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. If the Group were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the end of the reporting period, which are classified as current assets.

Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of the investment within 12 months of the end of the reporting period. Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long-term.

(ii) Reclassification

The Group may choose to reclassify a non-derivative trading financial asset out of the held for trading category if the financial asset is no longer held for the purpose of selling it in the near term. Financial assets other than loans and receivables are permitted to be reclassified out of the held for trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near term. In addition, the Group may choose to reclassify financial assets that would meet the definition of loans and receivables out of the held for trading or available-for-sale categories if the Group has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made. Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

(iii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to profit or loss as gains and losses from investment securities.

22 Summary of significant accounting policies

(n) Investments and other financial assets (continued)

(iv) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Loans and receivables and held-to-maturity investments are subsequently carried at amortised cost using the effective interest method.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value are recognised as follows:

- for 'financial assets at fair value through profit or loss' - in profit or loss within other income or other expenses
- for available-for-sale financial assets that are monetary securities denominated in a foreign currency - translation differences related to changes in the amortised cost of the security are recognised in profit or loss and other changes in the carrying amount are recognised in other comprehensive income
- for other monetary and non-monetary securities classified as available-for-sale - in other comprehensive income.

Dividends on financial assets at fair value through profit or loss and available-for-sale equity instruments are recognised in profit or loss as part of revenue from continuing operations when the Group's right to receive payments is established.

Interest income from financial assets at fair value through profit or loss is included in the net gains/(losses).Interest on available-for-sale securities, held-to-maturity investments and loans and receivables are calculated using the effective interest method is recognised in the statement of profit or loss as part of revenue from continuing operations.

(v) Impairment

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a Group of financial assets is impaired. A financial asset or a Group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or Group of financial assets that can be reliably estimated. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the assets are impaired.

Assets carried at amortised cost

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

Impairment testing of trade receivables is described in Note 7.

Assets classified as available-for-sale

If there is objective evidence of impairment for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is removed from equity and recognised in profit or loss.

22 Summary of significant accounting policies

(n) Investments and other financial assets (continued)

(v) Impairment (continued)

Assets classified as available-for-sale (continued)

Impairment losses on equity instruments that were recognised in profit or loss are not reversed through profit or loss in a subsequent period.

If the fair value of a debt instrument classified as available-for-sale increases in a subsequent period and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through profit or loss.

(o) Property, plant and equipment

The Group's accounting policy for land and buildings is explained in note 6(a). All other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

The depreciation methods and periods used by the Group are disclosed in note 6(a).

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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 (note 22(j)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss. When revalued assets are sold, it is Group policy to transfer any amounts included in other reserves in respect of those assets to retained earnings.

(p) Intangible assets

(i) Goodwill

Goodwill is measured as described in note 22(i). Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or Groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or Groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments (note 1).

(ii) Trademarks and licences

Separately acquired trademarks and licences are shown at historical cost. Trademarks, licences and customer contracts acquired in a business combination are recognised at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses.

(iii) Software (e-commerce platform and other applications)

Costs associated with maintaining software programs are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use
- management intends to complete the software and use or sell it

22 Summary of significant accounting policies

(p) Intangible assets (continued)

(iii) Software (e-commerce platform and other applications) (continued)

- there is an ability to use or sell the software
- it can be demonstrated how the software will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development and to use or sell the software are available, and
- the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

(iv) Amortisation methods and periods

Refer to note 6(f) for details about amortisation methods and periods used by the Group for intangible assets.

(q) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(r) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the consolidated balance sheet.

(ii) Other long-term employee benefit obligations

The liabilities for long service leave and annual leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period 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 end of the reporting period of corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

(iii) Share-based payments

Employees and Directors of the Group may receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. The cost is recognised, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense.

22 Summary of significant accounting policies

(r) Employee benefits (continued)

(iii) Share-based payments

The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The consolidated statement of comprehensive income expense or credit for a period represents the movement in cumulative expense recognised as at the beginning of the period and is recognised in employee benefits expense. No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions for which vesting is conditional upon a market or non-vesting condition. These are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the expense had that terms not been modified, if the original terms of the award are not met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification. The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

(s) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(t) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

(u) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(v) Rounding of amounts

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with that instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

(w) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

22 Summary of significant accounting policies

(w) Goods and Services Tax (GST) (continued)

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the consolidated balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(x) Parent entity financial information

The financial information for the parent entity, Beston Global Food Company Limited, disclosed in note 21 has been prepared on the same basis as the consolidated financial statements, except as set out below.

(i) Investments in subsidiaries, associates and joint venture entities

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the financial statements of Beston Global Food Company Limited. Dividends received from associates are recognised in the parent entity's profit or loss when its right to receive the dividend is established.

(ii) Tax consolidation legislation

Beston Global Food Company Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation.

Refer to note 4 for further details.

DIRECTORS' DECLARATION

Directors' declaration

In the Directors' opinion:

(a) the financial statements and notes set out on pages 47 to 101 are in accordance with the *Corporations Act 2001*, including:

  (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and

  (ii) complying with International Financial Reporting Standards , as disclosed in note 22(a)(i), and

  (iii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2017 and of its performance for the financial year ended on that date, and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations required to be made to the directors by the Chief Executive Officer and the Chief Financial Officer in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2017.

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

R N Sexton
Director

Adelaide
31/08/2017

Building a better working world

Ernst & Young
121 King William Street
Adelaide SA 5000 Australia
GPO Box 1271 Adelaide SA 5001

Tel: +61 8 8417 1600
Fax: +61 8 8417 1775
ey.com/au

Independent Auditor's Report to the Members of Beston Global Food Company Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Beston Global Food Company Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

a) giving a true and fair view of the consolidated financial position of the Group as at 30 June 2017 and of its consolidated financial performance for the year ended on that date; and

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

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

1. Accounting for Deferred Tax Assets

Why significant	How our audit addressed the key audit matter
At 30 June 2017 the Group held net deferred tax assets of $3,710,000. The determination of deferred tax assets is judgmental due to the requirement to estimate future taxable profits. The estimation of future taxable profits is necessary in order to determine if the deferred tax assets are recoverable. The judgments related to deferred tax assets are outlined in note 22(g) and note 6(d).	We involved our tax specialists to assess the Group's calculation of deferred tax assets. We evaluated the Group's forecast taxable income model methodology, assumptions and estimates. We assessed the likelihood of future taxable income to support the recognition of deferred tax assets. We examined the forecasts of taxable income, and checked that they were able to be reconciled with the Group's budgets approved by the Board. We also considered the forecast against those used in the impairment assessment discussed within section 2 below. We assessed the consolidated entity's disclosures about income taxes which are included within note 22(g) and note 6(d).

2. Impairment Assessment of Non-current Assets

Why significant	How our audit addressed the key audit matter
In accordance with Australian Accounting Standards, the Group assesses throughout the reporting period whether there is any indication that an asset may be impaired. Additionally, intangible assets with indefinite useful lives and goodwill balances are tested for impairment annually. Impairment testing was performed by the Group at 30 June 2017 for each cash generating unit carrying goodwill, indefinite life intangibles or where indicators of impairment were evident as disclosed within note 7.	We evaluated the assumptions and methodologies used by the Group in the impairment assessment. In doing so we: - assessed the judgments used in the determination of cash generating units; - assessed the forecasted cash flows which we reconciled to the Board approved budget for the year ending 2018; and - assessed the inputs used to formulate the discount rates, growth rates and terminal values. We compared these assumption to external market data where possible.

Why significant	How our audit addressed the key audit matter
Impairment testing is complex and judgmental since it is based on assumptions and estimates of future performance. Key assumptions, judgments and estimates used in the Group's impairment testing have been set out at note 7.	We involved our valuation specialists to assist in the impairment assessments of each cash generating unit. Furthermore, we assessed the adequacy of the financial report disclosures regarding the impairment assessment.

Information Other than the Financial Report and Auditor's Report

The directors are responsible for the other information. The other information comprises the information included in the Company's 2017 Annual Report other than the financial report and our auditor's report thereon. We obtained the Directors' Report that is to be included in the Annual Report, prior to the date of this auditor's report, and we expect to obtain the remaining sections of the Annual Report after the date of this auditor's report.

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

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

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

Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

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

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

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

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

Building a better working world

Report on the Audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in page 40 to 44 of the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of Beston Global Food Company Limited for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001.*

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Ernst & Young

Mark Phelps
Partner
Adelaide
31 August 2017

ASX ADDITIONAL INFORMATION

Additional information required by the Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 8 September 2017.

Ordinary Share Capital

443,315,867 fully paid Ordinary Shares are held by 3,902 individual Shareholders.

All Ordinary Shares carry one vote per share.

There are no restricted securities or securities subject to voluntary escrow.

There is no current on-market buyback.

Distribution of Equity Securities

The number of shareholders, by size of holding, in each class are:

1 - 1,000	149
1,001 - 5,000	735
5,001 - 10,000	712
10,001 - 100,000	2031
100,001 and over	275

There are 418 holders of unmarketable parcels of Shares.

Substantial Shareholders

(As disclosed in substantial holding notices given to the Company)

	Ordinary Shares	
Name	**Number of Shares Held**	**Percentage of Issued Shares**
Australia Aulong Auniu Wang Food Holdings Pty Ltd	66,894,345	14.9%
Kunteng Pte Ltd	64,051,111	14.99%
I.G. Investment Management Ltd	44,007,117	9.93%
Allianz SE	21,955,164	6.04%

Twenty largest holders of Quoted Equity Securities

Name	Number of Shares Held	Percentage of Issued Shares
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	82,452,417	18.60%
KUNTENG PTE LTD	64,051,111	14.45%
AUSTRALIA AULONG AUNIU WANG FOOD HOLDINGS PTY LTD	54,449,834	12.28%
BNP PARIBAS NOMINEES PTY LTD	40,676,118	9.18%
BLUE RIDGE HOLDINGS PTY LTD	16,611,905	3.75%
FIRST BOOM INVESTMENTS LIMITED	11,428,572	2.58%
FIRST BOOM INVESTMENTS LIMITED	8,333,334	1.88%
BNP PARIBAS NOMS PTY LTD	7,523,240	1.70%
HISHENK PTY LTD	4,100,000	0.92%
S GERLACH PTY LTD	2,816,385	0.64%
PERSHING AUSTRALIA NOMINEES PTY LTD	2,682,307	0.61%
BNP PARIBAS NOMS PTY LTD	2,546,522	0.57%
ABORIGINAL CONTRACTING WA PTY LTD	1,568,212	0.35%
MR ANGELO CARBONE	1,220,989	0.28%
MR HUI SONG	1,181,194	0.27%
HWR NOMINEES PTY LTD	1,000,000	0.23%
MR IAN GREGORY GRIFFITHS & MRS SUSAN JANE GRIFFITHS	838,430	0.19%
MR PETER VERHOEVEN	800,000	0.18%
MR MICHAEL LOMBARDOZZI	800,000	0.18%
BEACON LIGHT (SA) PTY LTD	714,286	0.16%
DREELAN NOMINEES PTY LTD	712,500	0.16%

Business Objectives and Use of Cash

Beston Global Food Company Limited has used Cash and Cash Equivalents held at the time of listing in a manner consistent with its stated business objectives.


BESTON
3117
BESTON
GLOBAL FOOD COMPANY