

NICHOLS POULTRY PTY LTD

ABN 092 929 890

Financial Statements For the Period Ended 31 December 2015



NICHOLS POULTRY PTY LTD

Financial Statements Contents

For The Period Ended 31 December 2015

Profit and Loss	1
Balance Sheet	2
Notes to the Financial Statements	3
Directors Declaration	11
Auditor's Report	12

NICHOLS POULTRY PTY LTD

Profit and Loss Statement

For The Period Ended 31 December 2015

	Notes	2015 \$
Income		12,476,119
Total Cost of Goods Sold		5,710,859
Direct Expenses		1,425,020
Gross Profit		5,340,240
		42.80%
Other Income		122,815
Expenses		
Advertising		125,222
Consultancy Fees		83,034
Insurance		67,697
Employment Costs		3,731,675
Occupancy		289,094
Repairs & Maintenance		105,060
Other Expenses		305,397
Total Expenses		4,707,179
EBITDA		755,876
Depreciation		137,144
EBIT		618,732
Interest Paid		77,176
Interest Received		-
Net Profit/(Loss) Before Income Tax		541,556
Income Tax Expense	2	(177,945)
Profit (Loss) After Income Tax		363,611
Retained profits (Accumulated Losses) at the beginning of the Period		(454,496)
Total Available for Appropriation (Deficit)		(90,885)
Dividends paid or proposed		-
Retained Profits (Accumulated Losses) at the end of the Period		(90,885)

These statements should be read in conjunction with the Notes to the Financial Statements and are subject to the Auditor's Report.

NICHOLS POULTRY PTY LTD

Balance Sheet

As at 31 December 2015

	Notes	2015 \$
Current Assets		
Cash & Cash Equivalents	3	2,260
Trade & Other Receivables	4	1,963,067
Inventories	5	1,333,575
Total Current Assets		3,298,902
Non-Current Assets		
Property, Plant & Equipment	6	3,799,945
Intangible Assets	7	81,880
Deferred Tax Asset	2	705,879
Total Non-Current Assets		4,587,704
TOTAL ASSETS		7,886,606
Current Liabilities		
Trade & Other Payables	8	5,175,103
Borrowings	9	1,617,696
Provisions	10	246,166
Total Current Liabilities		7,038,965
Non-Current Liabilities		
Borrowings	9	895,024
Provisions	10	43,490
Total Non-Current Liabilities		938,514
TOTAL LIABILITIES		7,977,479
NET ASSETS		(90,873)
Equity		
Share Capital	11	12 -
Retained Earnings/(Accumulated Losses)		(90,885)
TOTAL EQUITY		(90,873)

NICHOLS POULTRY PTY LTD

Notes to the Financial Statements

For The Period Ended 31 December 2015

2015

\$

1 Basis of Preparation

The Company is non-reporting since there are unlikely to be any users who would rely on the general purpose financial statements.

The special purpose financial statements have been prepared in accordance with the significant accounting policies described below and comply with Australian Accounting Standards.

The financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Significant accounting policies adopted in the preparation of these financial statements are presented below and are consistent with prior reporting periods unless otherwise stated.

a) Revenue recognition

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent that it is probable that economic benefits will flow to Nichols Poultry and the revenue can be reliably measured. All revenue is stated net of the amount of GST. The following specific criteria must also be met before revenue is recognised:

Sale of Goods

Revenue from the sale of goods is recognised when significant risks and rewards of ownership of the goods have passed to the buyer and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Risks and rewards of ownership are considered passed to the buyer at the time of delivery of the goods to the customer.

Interest

Interest is recognised using the effective interest method.

Other Income

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

b) Cash and cash equivalents

Cash and cash equivalents include cash on hand and at banks, short-term deposits with an original maturity of three months or less held at call with financial institutions.

c) Trade and other receivables

Trade receivables, which generally have 7 – 30 day terms, are recognised at fair value, less impairment allowance. Collectability of trade receivables is reviewed on an ongoing basis and Individual debts that are known to be uncollectible are written off when identified.

NICHOLS POULTRY PTY LTD**Notes to the Financial Statements**

For The Period Ended 31 December 2015

2015

\$

d) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a first-in, first-out basis and comprises all costs of purchasing cost of raw materials direct labour and any other cost.

Net realisable value is the estimated selling price in the ordinary course of business, less estimates of costs of completion and selling expenses. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories as an expense in the period in which the reversal occurs.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related turnover is recognised.

Included within inventory are biological assets consisting of poultry. Biological assets are measured on initial recognition and at each reporting date at their fair value less estimated point of sale costs. Costs to sell include all costs that would be necessary to sell the assets, including freight and direct selling costs.

The fair value of a biological asset is based on its present location and condition. If an active or other effective market exists for a biological asset or agricultural produce in its present location and condition, the quoted price in that market is the appropriate basis for determining the fair value of the asset. Where there exists access to different markets, the most relevant market is used, being defined as the market 'that access is available to the entity', which is used at the time fair value is established.

If an active market does not exist then one of the following methods is applied:

- (a) the most recent transaction price, provided there has not been a significant change in economic circumstances between the date of the transaction and the end of the reporting period; or
- (b) market prices, in markets accessible to the entity, for similar assets with adjustments to reflect differences; or
- (c) sector benchmarks.

In the event that fair value cannot be measured reliably, biological assets are measured at cost.

e) Property, plant and equipment

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

The depreciable amount of all fixed assets is recognised on either a straight line or diminishing value basis over the asset's estimated useful life to the Company, commencing from the time the assets is held ready for use.

The useful life and depreciation method for each class of depreciable assets is:

Class of Fixed Asset	Useful Life
Buildings (on a diminishing value basis)	20 – 55 years
Buildings (on a straight line basis)	40 years
Plant and Equipment (on a diminishing value basis)	10 - 20 years
Motor Vehicle (on a diminishing value basis)	9 years

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

NICHOLS POULTRY PTY LTD

Notes to the Financial Statements

For The Period Ended 31 December 2015

2015

\$

f) Intangible assets and goodwill

An intangible non-monetary asset without physical substance is recognised as an intangible asset at acquisition cost if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably. After initial recognition, an intangible asset with finite useful life is carried as cost less any accumulated amortisation and any accumulated impairment losses. An intangible asset with an indefinite useful life is not amortised.

Goodwill

Goodwill represents the excess of the cost of acquisition of subsidiaries over the fair value of the Company's share of their identifiable net assets and contingent liabilities at the date of acquisition. Goodwill on acquisitions of subsidiaries is recognised as intangible assets and is tested at least annually for impairment (or more frequently if events or changes in circumstances indicate that the carrying value may be impaired) and carried at cost less accumulated impairment losses.

Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill has been allocated. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Water Rights

Water licences are recognised at cost less impairment losses. Water licences are held for an indefinite period and have an indefinite useful life. Due to their nature they are not subject to amortisation, but are tested for impairment by comparing their recoverable amount with their carrying amount. Water licences are tested for impairment annually or whenever there is an indication that the intangible asset may be impaired. Water licences are leased as an integral part of investment property and are not held for trading purposes.

g) Income taxes

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the current year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred income tax is provided using the liability method, on temporary differences at the end of the reporting period arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except where the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination, and at the time of transaction, affects neither the accounting nor taxable profit or loss.



NICHOLS POULTRY PTY LTD

Notes to the Financial Statements

For The Period Ended 31 December 2015

2015

\$

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investment in subsidiaries except where the timing of the reversal of temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset realised or the liability is settled, based on currently enacted or substantively enacted tax rates at the end of the reporting period.

Deferred income tax is measured based on the tax consequence that will follow the manner in which the Group expects, at the end of the reporting date, to recover or settle the carrying amounts of its assets and liabilities.

Deferred taxes are charged or credited to equity if the tax relates to items that are credited or charged, in the same or a different period, directly to equity.

h) Trade and other payables

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

i) Employee benefits

Employee entitlements

Liabilities arising in respect of wages and salaries, annual leave, long service leave and any other employee benefits expected to be settled within 12 months of the end of the period are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled.

The expected cost of short-term employee benefits in the form of compensated absences such as annual leave is recognised in the provision for employee benefits. All other short term employee benefit obligations are presented as payables.

Liabilities arising in respect of long service leave and annual leave which are not expected to be settled within 12 months of the end of the period are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the end of the period.

Employee benefit obligations are presented as current liabilities in the statement of financial position if the entity does not have an unconditional right to defer settlement for at least 12 months after the end of the period, regardless of when the actual settlement is expected to occur.

NICHOLS POULTRY PTY LTD

Notes to the Financial Statements

For The Period Ended 31 December 2015

2015

\$

j) Critical accounting estimates and judgment

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates, though estimates and underlying assumptions are reviewed on an ongoing basis. Revisions of accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

2 Income Tax Expense

(a) Income tax expense reconciliation

Tax on continuing operations

Profit before income tax	541,556
Tax effect of:	
Prima facie income tax at 30%	162,467
- other reconciliation items	15,478
Income tax expense/(benefit)	<u>177,945</u>

(b) The Components of Tax Expense comprise:

Current year tax expense/(income)	-
Origination and reversal of temporary differences	177,945
	<u>177,945</u>

(c) Deferred Tax balances

Deferred Tax Asset	705,879
	<u>705,879</u>

3 Cash & Cash Equivalents

Cash on hand	2,260
Business Saver Account	0
Payroll Clearing Account	0
	<u>2,260</u>

4 Trade & Other Receivables

Trade Debtors	1,612,409
Other debtors	0
Fuel Tax Credit Receivable	2,266
GST Refundable	269,735
Garnishee Payments	823
Prepayments	51,426
Prepaid Borrowing Expenses	1,672
Loan - Blowing in the Wind Pty Ltd	24,736
	<u>1,963,067</u>



NICHOLS POULTRY PTY LTD

Notes to the Financial Statements

For The Period Ended 31 December 2015

2015

\$

5 Inventories

Stock on Hand	1,333,575
	<u>1,333,575</u>

6 Property, Plant & Equipment

Capital Work in Progress	694,025
	<u>694,025</u>
Buildings	2,141,821
Less Accumulated Depreciation	(240,793)
	<u>1,901,027</u>
Plant And Equipment	2,529,011
Less Accumulated Depreciation	(1,512,476)
	<u>1,016,536</u>
Motor Vehicles	234,949
Less Accumulated Depreciation	(176,325)
	<u>58,624</u>
Office Plant & Equipment	118,436
Less Accumulated Depreciation	(103,654)
	<u>14,782</u>
Low value pool	2,174
Less accumulated depreciation	(1,229)
	<u>946</u>
Spare Parts Held on Hand	114,005
	<u>114,005</u>
Total Property, Plant & Equipment	<u>3,799,945</u>

7 Intangible Assets

Formation Expenses	1,070
Goodwill	61,300
Patents and trademarks	8,208
Water Rights	11,302
	<u>81,880</u>



NICHOLS POULTRY PTY LTD

Notes to the Financial Statements

For The Period Ended 31 December 2015

	2015 \$
8 Trade and Other Payables	
Trade Creditors	4,441,440
Accrued Expenses	316,058
Payroll Tax Payable	98,439
PAYG Payable	161,139
Superannuation Payable	157,061
Staff Union Dues Payable	966
	<u>5,175,103</u>
9 Financial Liabilities	
Current Financial Liabilities	
Overdraft	1,366,807
Payroll Cheque Account	5,650
Other Payable - Deposits Received	100,000
Loans Related Parties	
- R & JN Nichols Family Trust	179,897
- R & J Nichols (2013)	(152,239)
- R & J Nichols	(41,769)
- R & J Nichols	
	<u>(14,111)</u>
General Insurance Liability	77,908
Less: Unexpired Interest	(9,474)
	<u>68,434</u>
Asset Purchase Liabilities	106,813
Less Unexpired Interest	(15,897)
	<u>90,916</u>
Total Current Financial Liabilities	<u>1,617,696</u>
Non-Current Financial Liabilities	
Loan - ANZ Bank Loan	487,424
Asset Purchase Liabilities	439,807
Less Unexpired Interest	(32,207)
	<u>407,600</u>
Total Non-Current Financial Liabilities	<u>895,024</u>



NICHOLS POULTRY PTY LTD

Notes to the Financial Statements

For The Period Ended 31 December 2015

2015

\$

10 Provisions

Current

Provision for Annual Leave	207,255
Provision for Long Service Leave	38,911
	<u>246,166</u>

Non-Current

Provision for Long Service Leave	43,490
	<u>43,490</u>

11 Capital

Authorised Ordinary Shares	12
	<u>12</u>

NICHOLS POULTRY PTY LTD

Directors Declaration

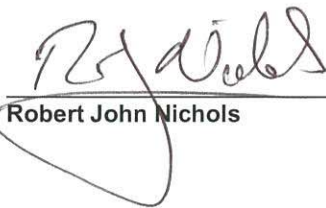
The director declares that the company is not a reporting entity. The director has determined that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

The director of the company declares that:

1. financial position as at 31 December 2015 and its performance for the period ended on that date in accordance with the accounting policies described in Note 1 to the financial statements;
2. in the director's opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the director:

Director


Robert John Nichols

4 May 2016

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Nichols Poultry Pty Ltd

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report being a special purpose financial report, of Nichols Poultry Pty Ltd, which comprises the statement of financial position as at 31 December 2015, the statement of profit or loss for the half-year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration. The financial report has been prepared by management based on the financial reporting provisions of Note 1.

Directors' Responsibility for the Half-Year Financial Report

The directors are responsible for the preparation and fair presentation of the half-year financial report in accordance with the financial reporting provisions of Note 1. The director's responsibility also includes such internal control as directors determine is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the financial reporting provisions of Note 1 including giving a true and fair view of Nichols Poultry Pty Ltd's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting. As the auditor of Nichols Poultry Pty Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Opinion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Nichols Poultry Pty Ltd is not in accordance with the reporting provisions in Note 1 including giving a true and fair view of the company's financial position as at 31 December 2015 and of its performance for the half-year ended on that date.



PKF
Chartered Accountants

Sydney

Dated: 18 May 2016



SCOTT TOBUTT
Partner