



CANEGROWERS Burdekin Limited

Annual Report

2010 / 2011





CANEGROWERS Burdekin Limited

ABN 43 114 632 325

NOTICE OF ANNUAL GENERAL MEETING

Members of CANEGROWERS **Burdekin** Limited are invited to attend the Annual General Meeting of their Company:

Where: **Ayr Showgrounds Hall, Bruce Highway AYR**

When: **31st January 2012 at 7:00 pm**

Business:

- 1. Address by Guest Speaker – Jock Laurie, NFF President**
- 2. Receive the Annual Report of the Company on the 2010-11 year.**
- 3. Receive the annual Financial Statements & Directors Report for 2010-11.**
- 4. Attend to any other business.**

By Order of the Board

Jim Collins
Company Secretary

Chairman's Report 2010 - 2011

Members of CANEGROWERS Burdekin

This report was prepared following the end of crushing for 2011.

The final tonnage through all Burdekin Mills was 9.55mt. It was a very shaky finish with wet weather hovering and mill problems continuing right up the last rake crushed. Still, to have been able to get tonnage in excess of 9mt based on mill performance and the weather expectations from earlier in the crush is a milestone of sorts. To have only 15,000t of cane left is a relief to the majority of our members.

I will report on a number serious issues still to be resolved from 2011. Before doing that it is appropriate to mention that:

1. We were successful in securing incentive payments from Sucrogen for the harvesting sector. Whilst the circumstances leading to the need for the ex-gratia payments are regretted there was an extra \$450,000 circulated back to contractors,
2. There is also a differential payment being made by Sucrogen to contractors to offset vehicle registration extension resulting from the extended season length, and
3. We expect those members that did not voluntarily standover cane after the 21 November, should receive payment for their standover cane. This is a provision regarding mill performance in the CANEGROWERS Burdekin Collective Cane Supply Agreement. There is a little way to go with finalising details (e.g. agreement to final tonnage estimates for unharvested cane and mill performance stats), but we expect members, for example in the Giru area caught with season ending rains, to receive payment approaching \$20 per tonne of standover cane.

Mill performance

Mill performance is currently the bane of our lives. We have been at Sucrogen all year to lift their game but the sad reality is the mills are at an extremely low base of performance and reliability – the exception this year being Pioneer Mill. We regret that there was little alternative other than to persevere during 2011.

What will change? There are two marked differences in operation between Wilmar and CSR which should be our benefit. The first is that Wilmar is dedicated to the agricultural business where as CSR was not of the same focus. The second is that the financial year for Sucrogen has changed under Wilmar from year ending March to year ending December. In essence that means that any money for refurbishment will start being spent immediately.

Sucrogen and Wilmar are well aware of our discontent with Mill performance and Mr. Craig Doyle of Sucrogen has been leading the review of their capital and maintenance works program. We understand that Mr. Doyle has been charged with rejuvenating mill performance and has been successful in attracting a budget for the new year of \$122.5m split roughly 50:50 between capital and maintenance works. In the Burdekin the expenditure is earmarked for:

- | | |
|------------------|---|
| Pioneer: | Belt press filter (Brazilian Technology) to address mud issues, if this proves successful then will look to install in other mills. |
| Inkerman: | Overhaul alternator and turbine; Re-tubing of economiser |
| Invicta: | Address Bailey control system issues; focus on continuous pans and other reliability issues. |

Whilst Mr. Doyle's brief is to attack the reliability issues it is our belief that an extra milling train must go in. The region is losing too much money through simply not being able to finish the harvest in a timely manner and not having enough processing flexibility to address losses incurred during calamities, which seem to have become nearly annual events.

We acknowledge though that the money necessary to return mills to something of their former reliability is being spent and that these capital works are going to take a lot of time. Will it be enough to encourage growers to continue to invest in best practice and grow superior crops or will opportunities continue to be lost?

A case of "Put up or Shut up"?

We have put on a millers hat and asked what income opportunities have been lost simply because Sucrogen couldn't take full advantage of the 10.2 m tonnes of cane that was there for them if only they could have had the capacity to capitalise. Effectively 700,000 tonnes of cane lost to Sucrogen this year alone. Start thinking that way and it doesn't take a rocket scientist to work out that the millers are losing tens of millions of dollars every year.

If it is that Sucrogen doesn't want to put in the extra milling train then they should emphatically disassociate themselves from the claim of interfering in the AustCane ethanol project. At present there is ample room for both enterprises if Sucrogen is targeting simply doing the same a little better.

Dispute

Our Dispute with Sucrogen moves slowly but inexorably to its conclusion. We will see this Dispute through, we have to. Already there are changes proposed to operations within QSL. We have supported change to the in-season pool operation, but what we don't want is a raft of other contract changes bundled in or worse still made retrospective.

A serious development is that Sucrogen is arguing that if QSL doesn't pay them then they do not pay the growers. A condition like this is unacceptable, and so would be a threat to withhold pricing access unless the condition was agreed. We are not accepting any changes to the CSA until such time as the Dispute has reached a satisfactory conclusion.

The fundamental drivers for our negotiations are:

1. If the growers must have a 2/3 share of something (loss or benefit) then they should have a real say in how that is managed,
2. Payment security,
3. Mill performance, and
4. Ensuring we are getting paid for what we are owed in the contract

A fifth is to rethink some of the bargaining strategy in the light of this Dispute as well. Even though our legal spend to date has been very low, there is no avoiding the fact legal disputes are expensive undertakings. The nature of the 2010 Dispute is almost the same between the three Burdekin collectives though we have to pursue our claims separately – another expense.

Members may have heard that CBL has been in discussion with Pioneer Cane Growers about the prospect of bargaining collaboratively. This is true. True also is that there are two very different businesses operating. Having said that, constructive dialogue was held in the lead up to Christmas and we will be continuing with that in the New Year.

BSES and Sugar Research:

Another major area for reform commenced in 2011 has been in Industry research, development and extension. The overall goals are:

1. Attempting an amalgamation of BSES, SRDC and SRI into a new entity – Sugar Research Australia (SRA)
2. Growers and millers contributing equally to the operations of SRA via a federal statutory levy
3. SRA focussing on Research, Development and high-end extension
4. Regions sitting down to determine their priorities for extension and projects and then funding that.

These themes have been around in the general industry newsletters. What we are missing is how this will come about. BSES has already made some moves in anticipation some of the measures will find acceptance. Obviously some don't, such as reducing the extension effort or attempting to understand how

the Burdekin RD&E landscape will look without first having the detail on how the SRA will look and function. A lot of detail is still required before the growers and the millers get to vote **their acceptance** to the changes (indicated is the vote could not happen before August 2012 at the earliest). There will be plenty more on this during the course of 2012.

Environment:

A significant development during the course of 2011 was a collaborative effort between Pioneer Cane Growers, CBL, Queensland CANEGROWERS and DERM to introduce the Burdekin Nutrient Trials. The trials have commenced and are being funded by DERM with operations conducted within BSES. A critical element of the trails is to have them run over a full crop cycle so that an objective assessment can be made as to what nutrient is required to grow cane to its optimal yield potential.

I would encourage our members to keep themselves fully informed as to how the trials progress in 2012 and if you haven't already introduce yourself to Julian Connellan who has local oversight of the project. Whilst the trials are on it will still be necessary for growers to keep regulated records of farm inputs and to do soil testing. If you have any questions please contact Gary or Mindi on our staff.

For mention also is that the Reef Rescue funding has moved into the forth round. Applications will not be subject to competitive tender this round and the round is open to applications right now. Once again please contact our staff or BSES.

Directors, staff and members:

I would like to take this opportunity to again thank Mrs. Carmel Ahern for her services to the membership as a Board Director during the reporting period. My thanks to the other Directors for their past and continued service remain sincere as does our thanks to their families. Thanks also to our staff that have generated the stability in service necessary to get through yet another extraordinary year.

For special mention is our outgoing Manager Jim Collins. Jim has been with the CANEGROWERS organisation eleven years starting as company secretary with the then Inkerman Mill Suppliers Committee. I believe I speak sincerely on behalf of membership in thanking him for his commendable service and wishing both Jim and Lyn all the best for their futures.

Finally I would like to thank our membership for your support and understanding. It has been a terrible year for the most part. Tearing us up is the fact we have had to keep tight confidentiality on the Dispute and we know that has been hard on you – so our thanks again. We as growers are under continual siege, and as bad as we think it might be together, it would only be worse as individuals. Stay together and stay strong.

Thank you Members



David Lando
CHAIRMAN



CANEGROWERS

Burdekin Limited

ABN: 43 114 635 325

FINANCIAL REPORT

FOR THE YEAR ENDED

30 June 2011

Canegrowers Burdekin Ltd
ABN 43 114 632 325

Directors Report to 30th June 2011

Directors

The directors in office at any time during or since the end of the financial year are:

| | Board Meetings Eligible to attend | Meetings Attended |
|---------------------------------|--|------------------------------|
| David Lando - Chair | 13 | 12 |
| Mario Barbagallo - Deputy Chair | 13 | 12 |
| Philip Marano - Deputy Chair | 13 | 11 |
| Carmel Ahern | 8 | 4 |
| Peter Hall | 2 | 2 |
| Russell Jordan | 13 | 13 |
| Owen Menkens | 13 | 12 |
| Vincent Papale | 13 | 11 |
| Gary Stockham | 13 | 13 |

Information on Directors

David Bruno Lando

First appointed 7/6/2005. Re-elected by members 1/5/2010. Cane grower in the Pioneer area. Director Queensland Cane Growers Organisation Limited.

Mario Barbagallo

First appointed 1/5/2007. Re-elected by members 1/5/2010. Cane grower in the Invicta area. Director Invicta Cane Growers Organisation Ltd. Director Queensland Cane Growers Organisation Limited.

Philip Mark Marano

First appointed 7/6/2005. Re-elected by members 1/5/2010. Cane grower in the Inkerman area. Director Inkerman Cane Growers Organisation Ltd. Director Queensland Cane Growers Organisation Limited. Director Big River Co-op Ltd.

Carmel Anne Ahern

First appointed 1/5/2007. Re-elected by members 1/5/2010. Cane grower in the Kalamia area. No longer a Director as at 19/4/2011.

Peter Lyndsay Hall

Elected 17/06/2011. Cane grower in the Invicta area. Director Invicta Cane Growers Organisation Ltd.

Russell John Jordan

Elected 1/5/2010. Cane grower in the Invicta area. Director Invicta Cane Growers Organisation Ltd.

Owen Raymond Menkens

Elected 1/5/2010. Cane grower in the Inkerman area. Director Inkerman Cane Growers Organisation Ltd.

Vincent Joseph Papale

First appointed 1/5/2007. Re-elected by members 1/5/2010. Cane grower in the Inkerman area. Director Inkerman Cane Growers Organisation Ltd. Director Qld Cane Growers Org Ltd.

Gary Kevin Stockham

First appointed 1/5/2007. Re-elected by members 1/5/2010. Cane grower in the Invicta area. Director Invicta Cane Growers Organisation Ltd.

Chief Executive Officer / Company Secretary

Jim Patrick Collins B. Business. Company Secretary from 6/12/2009
District Manager, Canegrowers Burdekin Limited
Company Secretary, Inkerman Cane Growers' Organisation Limited
Company Secretary, BIG Co-op Limited
Company Secretary, Big River Processors Co-op Limited

Interest of Directors in shares of the Company

No shares are held as the company is limited by guarantee and has no share capital.

Principal Activities

The principal activities of the company during the year were to:

- (a) provide strong representation in the Burdekin for members and advance their interests;
- (b) enhance the profitability and sustainability of sugar cane growing; and be part of a strong state-wide organisation representing the interest of Members.

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

Operating Results

The year ending 30 June 2011 resulted in a surplus of \$24,720 compared to a surplus of \$330,642 the previous year.

Review of Operations

Canegrowers Burdekin Limited (CBL) has a Memorandum of Understanding with the Inkerman Cane Growers Organisation Limited and Invicta Cane Growers Organisation Limited whereby the day-to-day operation of the three membership companies is conducted by CBL. A detailed review of the operations of CBL is contained in the annual report to members.

Matter subsequent to the end of the financial year

No other matter or circumstance has arisen since the end of the financial year to the date of this report which has significantly affected or may significantly affect the activities company, the results of those activities, or the state of affairs of the company.

Likely developments

The company will continue to represent cane growers in the Burdekin district in the next year.

Significant Changes in State of Affairs

No significant changes in the company's affairs occurred during the financial year.

Environmental Regulation

The company is not subject to any significant environmental regulation under a law of the Commonwealth, or of a State or Territory.

Auditors Independence Declaration

The Auditors Independence Declaration as required under section 307C of the Corporations Act 2001 is included in this report.

Proceedings on behalf of the Company

No person has applied for leave of court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

Indemnifying Officer or Auditor

During the financial period Canegrowers Burdekin Ltd paid a premium to insure Officers of the company. The insurance policy covers all directors and all staff of the company.

The company has not, during or since the financial year, in respect of any person who is or has been an auditor of the company indemnified or made any relevant agreement for indemnifying against a liability incurred as an auditor, including costs and expenses in successfully defending legal proceedings.

The Report is made in accordance with a resolution of the directors.

David Lando
Director

CANEGROWERS BURDEKIN LIMITED
ABN 43 114 632 325

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2011

| | Note | 2011 \$ | 2010 \$ |
|---|------|---------------|----------------|
| Revenues from Ordinary Activities | 2a | 752,594 | 1,161,836 |
| Expenses from Ordinary Activities | 2b | 727,874 | 831,194 |
| | | <hr/> | <hr/> |
| Profit from Ordinary Activities before Income Tax Expense | | 24,720 | 330,642 |
| Income tax relating to ordinary activities | | - | - |
| | | <hr/> | <hr/> |
| Net profit from ordinary activities after income tax expense attributable to members of the Board | | 24,720 | 330,642 |
| Income tax relating to extraordinary activities | | - | - |
| | | <hr/> | <hr/> |
| Net profit from ordinary and extraordinary activities after income tax expense attributable to members of the Board | | 24,720 | 330,642 |
| | | <hr/> | <hr/> |
| Total changes in equity other than those resulting from transactions with owners as owners | | <u>24,720</u> | <u>330,642</u> |

CANEGROWERS BURDEKIN LIMITED
ABN 43 114 632 325

BALANCE SHEET
AS AT 30 JUNE 2011

| | Note | 2011 \$ | 2010 \$ |
|---------------------------------------|------|----------------------------|----------------------------|
| <u>CURRENT ASSETS</u> | | | |
| Cash Assets | 3 | 1,293,175 | 974,548 |
| Receivables | 4 | 24,520 | 175,534 |
| TOTAL CURRENT ASSETS | | <u>1,317,695</u> | <u>1,150,083</u> |
| <u>NON-CURRENT ASSETS</u> | | | |
| Property, Plant and Equipment | 5 | <u>500,236</u> | <u>365,556</u> |
| TOTAL NON-CURRENT ASSETS | | <u>500,236</u> | <u>365,556</u> |
| TOTAL ASSETS | | 1,817,931 | 1,515,639 |
| | | | |
| <u>CURRENT LIABILITIES</u> | | | |
| Payables | 6 | 294,704 | 135,614 |
| Provisions | 7 | <u>76,622</u> | <u>102,465</u> |
| TOTAL CURRENT LIABILITIES | | 371,326 | 238,079 |
| <u>NON-CURRENT LIABILITIES</u> | | | |
| Provision for Long Service Leave | 7 | <u>37,683</u> | <u>26,556</u> |
| TOTAL NON-CURRENT LIABILITIES | | <u>37,683</u> | <u>26,556</u> |
| TOTAL LIABILITIES | | 409,009 | 264,635 |
| | | | |
| NET ASSETS | | <u>\$ 1,408,923</u> | <u>\$ 1,251,003</u> |
| | | | |
| <u>EQUITY</u> | | | |
| Accumulated Funds | 8 | 1,275,723 | 1,251,003 |
| Asset Revaluation Reserve | 9 | 133,199 | - |
| TOTAL EQUITY | | <u>\$ 1,408,922</u> | <u>\$ 1,251,003</u> |

CANEGROWERS BURDEKIN LIMITED
ABN 43 114 632 325

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2011

| | Note | 2011 \$ | 2010 \$ |
|---|--------|------------|------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Interest Received | | 64,997 | 40,432 |
| Other Operating Revenues | | 838,926 | 1,020,462 |
| Employee Expenses | | (471,685) | (692,484) |
| Other Expenses | | (75,689) | (212,854) |
| Net Cash provided by (used in) operating activities | 10 (b) | 356,549 | 155,556 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Purchase of Property, Plant and Equipment | | (37,921) | (13,405) |
| Proceeds from Investments | | - | - |
| Net Cash provided used in investing activities | | (37,921) | (13,405) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Net Cash provided by financing activities | | - | - |
| NET INCREASE (DECREASE) IN CASH HELD | | 318,627 | 142,151 |
| Cash at the Beginning of the Financial Year | | 974,548 | 832,397 |
| Cash at the End of the Financial Year | 10 (a) | 1,293,175 | 974,548 |

CANEGROWERS BURDEKIN LIMITED
ABN 43 114 632 325

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2011

| | Accumulated Surplus | Asset Revaluation Reserve | Other Reserves | Total 2011 | Total 2010 |
|--|------------------------|---------------------------------|-------------------|-----------------------|-----------------------|
| Note | \$ | \$ | \$ | \$ | \$ |
| Balance at the beginning of the financial year | - | - | - | 1,251,003 | 920,361 |
| Increase / decrease on revaluation of non-current assets | - | 133,199 | - | 133,199 | - |
| Transfers to Reserves | - | - | | - | 150,000 |
| Transfers from Reserves | | - | - | - | (150,000) |
| Net Results from Operations | 24,720 | - | - | 24,720 | 330,642 |
| Balance at the end of the financial year. | 24,720 | 133,199 | - | 1,408,922 | 1,251,003 |

CANEGROWERS BURDEKIN LIMITED

ABN 43 114 632 325

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2011****NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

This financial report is for Canegrowers Burdekin Limited as an individual entity. The entity is a "Not for Profit" public company limited by guarantee, incorporated and domiciled in Australia.

Basis of Preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, the interpretations and other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

The Financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The following is a summary of the material accounting policies adopted by the economic entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(a) Revenue

Revenue from the sale of goods is recognised upon delivery of goods to customers

Grant revenue is recognised in the income statement when it is controlled. When there are conditions attached to grant revenue relating to the use of those grants for specific purposes it is recognised in the balance sheet as a liability until such conditions are met or services provided.

Revenue from rendering a service is recognised upon delivery of the service to the customers.

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

(b) Income Tax

In accordance with Section 50-40 of the Income Tax Assessment Act 1997, the Organisation is exempt from paying Income Tax.

(c) Stocks

Stocks are valued at the lower of cost or net realisable value.

(d) Fixed Assets

Fixed assets are measured on the cost basis less depreciation and impairment losses.

(e) Depreciation

Depreciation is provided on all fixed assets, other than land, using a diminishing value method. Gains or losses arising from the sale or disposal of fixed assets are brought to account in the determination of the profit for the period, except for substantial gains or losses which are included as non-operating (extraordinary) income.

(f) Provisions

Provisions have been made for employees' long service and recreational leave, in a special reserve account. Sick pay is brought to account as incurred.

(g) Contingent Assets/Liabilities

There were no known contingent assets/liabilities of a significant nature at 30th June 2011.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2011**

| | 2011 | 2010 |
|--|----------------|------------------|
| | \$ | \$ |
| NOTE 2: PROFIT FROM ORDINARY ACTIVITIES | | |
| Profit from ordinary activities before income tax has been determined after: | | |
| (a) Revenue: | | |
| Operating Income - Membership Fees | 529,423 | 674,912 |
| Interest Income | 64,997 | 40,432 |
| Net Profit on Disposal of Property, Plant & Equipment | (315) | 13,838 |
| Administrative Services & Project Income | 32,216 | 222,044 |
| Fire & Water Perils Surplus | 56,034 | 130,808 |
| Commissions | 33,761 | 28,357 |
| Other Income | 36,478 | 51,446 |
| | <u>752,594</u> | <u>1,161,836</u> |
| (b) Expenses: | | |
| Depreciation of Property, Plant and Equipment | <u>36,126</u> | <u>41,361</u> |
| Employee Expenses | | |
| Superannuation | 41,702 | 65,932 |
| Wages | 410,457 | 597,427 |
| Other Employment Expenses | <u>32,118</u> | <u>(41,288)</u> |
| | 484,277 | 622,071 |
| Bad and Doubtful Debts written off | 98 | 3,250 |
| Auditor's Remuneration: | - | 800 |
| Administration Expenses | 27,831 | 35,985 |
| Communication Expenses | 21,511 | 27,172 |
| Field Expenses | 12,061 | 13,306 |
| Legal Expenses | 89,741 | 12,244 |
| Other Expenses | 56,228 | 75,004 |
| | <u>727,874</u> | <u>831,194</u> |

NOTE 3: CASH ASSETS

| | | |
|--|------------------|----------------|
| Cash on Hand | 600 | 900 |
| Cash at Bank - General Account | 237,612 | 99,403 |
| Elders Rural Bank - Investment Account | 1,054,963 | 866,509 |
| ANZ - Investment Account | - | 7,737 |
| | <u>1,293,175</u> | <u>974,548</u> |

NOTE 4: RECEIVABLES

| | | |
|---------------|---------------|----------------|
| Trade Debtors | 14,362 | 168,915 |
| GST Paid | 4,110 | 710 |
| Prepayments | <u>6,048</u> | <u>5,909</u> |
| | <u>24,520</u> | <u>175,534</u> |

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2011**

| | 2011 \$ | 2010 \$ |
|--|-----------------------|-----------------------|
| NOTE 5: PROPERTY, PLANT AND EQUIPMENT | | |
| Buildings | 319,888 | 202,447 |
| Less Accumulated Depreciation | <u>(80,470)</u> | <u>(75,091)</u> |
| | 239,417 | 127,356 |
| Motor Vehicles | 112,640 | 112,640 |
| Less Accumulated Depreciation | <u>(72,717)</u> | <u>(55,675)</u> |
| | 39,922 | 56,965 |
| Furniture & Fittings | 49,371 | 44,104 |
| Less Accumulated Depreciation | <u>(27,765)</u> | <u>(22,823)</u> |
| | 21,606 | 21,282 |
| Office & Computer Equipment | 81,873 | 79,700 |
| Less Accumulated Depreciation | <u>(62,582)</u> | <u>(55,288)</u> |
| | 19,291 | 24,412 |
| Property | 180,000 | 135,541 |
| Total Property, Plant and Equipment | <u><u>500,236</u></u> | <u><u>365,556</u></u> |

NOTE 6: PAYABLES**CURRENT**

| | | |
|--------------------------------|----------------|----------------|
| Trade Creditors | 63,956 | 20,821 |
| GST Collected | 1,674 | 15,736 |
| PAYG Payable | 2,170 | 2,304 |
| Income Received in Advance | 138,091 | 78,029 |
| Dispute Funds Clearing Account | 70,450 | - |
| Other Creditors | 18,363 | 18,724 |
| | <u>294,704</u> | <u>135,614</u> |

NOTE 7: PROVISIONS**CURRENT**

| | | |
|----------------------------------|---------------|----------------|
| Provision for Annual Leave | 35,948 | 37,407 |
| Provision for Long Service Leave | 35,190 | 32,265 |
| Provision for Accrued Expenses | 5,484 | 32,794 |
| Legal Claim Provision | - | - |
| Total Provisions | <u>76,622</u> | <u>102,465</u> |

NON CURRENT

| | | |
|----------------------------------|---------------|---------------|
| Provision for Long Service Leave | <u>37,683</u> | <u>26,556</u> |
| | <u>37,683</u> | <u>26,556</u> |

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2011**

| | 2011 | 2010 |
|---|-------------------------|-------------------------|
| | \$ | \$ |
| NOTE 8: ACCUMULATED FUNDS | | |
| Retained Profits at the Beginning of the Financial Year | 1,251,003 | 920,361 |
| Net Profit attributable to members of the Company | <u>24,720</u> | <u>330,642</u> |
| | <u><u>1,275,723</u></u> | <u><u>1,251,003</u></u> |

NOTE 9: AVAILABLE FOR SALE FINANCIAL ASSET REVALUATION RESERVE

| | | |
|-----------------------|-----------------------|-----------------|
| Opening Reserve | - | - |
| Revaluation of Assets | 133,199 | - |
| | <u><u>133,199</u></u> | <u><u>-</u></u> |

The available for sale financial assets revaluation reserve arises in the revaluation of available for sale financial assets. Where a revalued financial asset is sold that portion of the reserve which relates to that financial asset is effectively realised and recognised in the profit and loss. Where a revalued financial asset is impaired, that portion of the reserve which relates to that financial asset is recognised in profit and loss.

NOTE 10: CASH FLOW INFORMATION

(a) RECONCILIATION OF CASH

| | | |
|--|-------------------------|-----------------------|
| Cash on Hand | 600 | 900 |
| Cash at Bank - General Account | 237,612 | 99,403 |
| Elders Rural Bank - Investment Account | 1,054,963 | 866,509 |
| ANZ - Investment Account | - | 7,737 |
| | <u><u>1,293,175</u></u> | <u><u>974,548</u></u> |

**(b) RECONCILIATION OF NET CASH PROVIDED BY
OPERATING ACTIVITIES TO OPERATING PROFIT**

| | | |
|---|-----------------------|-----------------------|
| Net profit from ordinary activities after income tax expense attributable to members of the Board | 24,720 | 330,642 |
| Non-Cash Flows in Operating Profit | | |
| Depreciation | 36,126 | 41,361 |
| Losses (Gains) on disposal of assets | 315 | (13,838) |
| Changes in Assets and liabilities | | |
| (Increase) / Decrease in Receivables | 151,014 | (87,104) |
| Increase / (Decrease) in Payables | 159,090 | (14,258) |
| Increase / (Decrease) in Accrued Expenses | (27,310) | (30,835) |
| Increase / (Decrease) in Employee Benefits Provisions | 12,593 | (70,413) |
| Net Cash provided by (used in) operating activities | <u><u>356,549</u></u> | <u><u>155,556</u></u> |

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2011**

NOTE 10: KEY MANAGEMENT PERSONNEL COMPENSATION

| | 2011 | 2010 |
|--------------------|-------------|-------------|
| Total Compensation | 233,821 | 264,523 |

NOTE 11: RELATED PARTY TRANSACTIONS

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other persons.

NOTE 12: FINANCIAL RISK MANAGEMENT

a. Financial Risk Management Policies

The entity's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable. The entity does not have any derivative instruments at 30 June 2011.

i. Treasury Risk Management

Directors meet quarterly to analyse financial risk exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

ii. Financial Risk Exposures and Management

The main risks the entity is exposed to through its financial instruments are liquidity risk and credit risk. The entity is not exposed to any material commodity price risk, exchange rate risk, or interest rate risk.

Liquidity risk

The entity manages liquidity risk by monitoring forecast cash flows to ensure adequate cash reserves are maintained.

Credit Risk

The maximum exposure to credit risk is the carrying amount as disclosed in the balance sheet and notes to financial statements.

Credit risk is managed by the entity and reviewed monthly by the Board of Directors. It arises from exposure to customers as well as through deposits with financial institutions. The entity monitors the credit risk by actively assessing the rating quality and liquidity of counterparties:

- * Only banks and financial institutions with an 'A' rating are utilised.
- * The credit standing of counterparties is reviewed quarterly for liquidity and credit risk.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2011**

NOTE 12: FINANCIAL RISK MANAGEMENT (continued)

b. Financial Instrument Composition and Maturity Analysis

| | Weighted Average | | Floating Interest Rate | | Non Interest Bearing | | Total | |
|------------------------------------|----------------------------|-----------|------------------------|----------------|----------------------|----------------|------------------|------------------|
| | Effective Interest Rate | | | | | | | |
| | 2011 % | 2010 % | 2011 \$ | 2010 \$ | 2011 \$ | 2010 \$ | 2011 \$ | 2010 \$ |
| Financial Assets | | | | | | | | |
| Bank Investments | 5.40 | 4.52 | 1,292,575 | 973,648 | - | - | 1,292,575 | 973,648 |
| Cash on Hand | - | - | - | - | 600 | 900 | 600 | 900 |
| Trade and other receivables | - | - | - | - | 24,520 | 175,534 | 24,520 | 175,534 |
| Total financial assets | | | 1,292,575 | 973,648 | 25,120 | 176,434 | 1,317,695 | 1,150,083 |
| Financial Liabilities | | | | | | | | |
| Trade and sundry payables | | | - | - | 63,956 | 20,821 | 63,956 | 20,821 |
| Total financial liabilities | | | - | - | 63,956 | 20,821 | 63,956 | 20,821 |

Trade and sundry payables are expected to be paid as follows:

| | 2011 \$ | 2010 \$ |
|---------------------------------------|----------------|----------------|
| Trade and Sundry Payables | | |
| Less than 6 months | 294,704 | 135,614 |
| 6 months to 1 year | - | - |
| Total trade and sundry payable | 294,704 | 135,614 |

Sensitivity Analysis

Interest Rate Risk

The entity has performed a sensitivity analysis relating to its exposure to interest rate at balance date. This sensitivity analysis demonstrates the effect on current year results and equity which could result from a change in this risk.

As at 30 June 2010, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant, would be as follows:

| | 2011 \$ | 2010 \$ |
|-----------------------------------|------------|------------|
| Change in profit | | |
| - Increase in interest rate by 2% | 11,796 | 17,890 |
| - Decrease in interest rate by 2% | (11,796) | (17,890) |
| Change in equity | | |
| - Increase in interest rate by 2% | 11,796 | 17,890 |
| - Decrease in interest rate by 2% | (11,796) | (17,890) |

NOTE 13: ACCOUNTING POLICIES

The following Accounting Standards issued or amended and are applicable to the entity but not yet effective and have not been adopted in preparation of the financial statements at reporting date.

| AASB Amendment | Standards Affected | Outline of Amendment | Application Date of Standard | Application Date for Entity |
|----------------|--------------------|----------------------|------------------------------------|-----------------------------------|
| | | | | |

DIRECTORS DECLARATION OF CANEGROWERS BURDEKIN LIMITED

ABN 43 114 632 325

The directors of the entity declare that:

1. The financial statements and notes are in accordance with the Corporations Act 2001:
 - a. comply with Accounting Standards and the Corporations Regulations 2001
 - b. give a true and fair view of the financial position as at 30 June 2011 and the performance for the year ended on that date of the entity.
2. In the director's opinion there are reasonable grounds to believe that the entity 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 Board of Directors

.....
David Lando (Director)

Dated this day of 2011