
FARMWORKS AUSTRALIA LIMITED

ACN 091 320 464

APPENDIX 4E

PRELIMINARY FINAL REPORT

YEAR ENDING 31 MARCH 2010

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FARMWORKS AUSTRALIA LIMITED
ACN 091 320 464

PRELIMINARY FINAL REPORT
YEAR ENDED 31 MARCH 2010

Reporting Period	Previous Corresponding Period
Year Ended 31 March 2010	Year Ended 31 March 2009

Results for Announcement to Market				
		Percentage Change		Amount AUD \$
Revenue from ordinary activities	up	1368.11%	to	10,142,757
Loss from ordinary activities after income tax attributable to members	down	65.80%	to	(850,586)
Net Loss attributable to members	down	65.80%	to	(850,586)

Dividends (distribution)		
	Amount per Security	Franked Amount per Security
Final Dividend	NIL	NIL
Interim Dividend	NIL	NIL
Record date for determining entitlement to dividend	Not Applicable	

Additional Information		
Control gained over entities having material effect	Farmworks Merchandising Services Pty Limited.	
Control lost over entities having material effect		
Net Tangible Asset per Security	31 March 2010 (cents/share)	31 March 2009 (cents/share)
Net tangible assets per security	8.51	0.25
The net tangible asset per security in 2009 was calculated on a pre-consolidation basis.		

Review of Operations
On 19 February 2010, shareholders approved at the Extraordinary General Meeting the acquisition of Farmworks Merchandising Services Pty Limited. For the period from acquisition to 31 March 2010, the business contributed revenue of \$9.843m and an operating loss after tax of \$73k.
Audit Report
The financial report is in the process of being audited.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2010

	Note	Consolidated	
		2010 \$	2009 \$
Revenues	3	10,142,757	690,872
Expenses from ordinary activities	4	(10,800,553)	(3,243,820)
Finance costs	4	(131,234)	(232)
Depreciation and amortisation expense	5	(75,165)	(67,155)
Profit / (Loss) before income tax expense		(864,195)	(2,620,335)
Income tax benefit	6	13,609	133,212
Profit / (Loss) after income tax expense		(850,586)	(2,487,123)
Profit / (Loss) attributable to members of Farmworks Australia Limited		(850,586)	(2,487,123)

	Cents	
	2010	2009
Basic earnings / (loss) per share	(2.42)	(0.19)
Diluted earnings / (loss) per share	(2.42)	(0.19)

The basic and diluted earnings per share in 2009 were calculated on a pre-consolidation basis.

To be read in conjunction with the accompanying Notes to the Financial Statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2010

	Note	Consolidated	
		2010 \$	2009 \$
Current assets			
Cash and cash equivalents		2,918,367	3,300,043
Trade and other receivables		21,173,106	593,691
Inventories		15,665,904	5,950
Other current assets		721,801	199,409
Total current assets		40,479,178	4,099,093
Non-current assets			
Security deposits		-	57,630
Goodwill		851,795	-
Investments		293,513	-
Property, plant and equipment		1,872,639	18,280
Intangible assets		44,268	5,353
Deferred tax assets		3,198,187	-
Total non-current assets		6,260,402	81,263
Total assets		46,739,580	4,180,356
Current liabilities			
Trade and other payables		21,591,065	889,514
Deferred cash consideration		354,000	-
Provisions		270,363	-
Loans and borrowings		16,961,949	-
Lease liabilities		394,918	-
Income tax liabilities		806,444	-
Total current liabilities		40,378,739	889,514
Non-current liabilities			
Deferred cash consideration		177,000	-
Lease liabilities		667,281	-
Deferred tax liabilities		294,780	-
Total non-current liabilities		1,139,061	-
Total liabilities		41,517,800	889,514
Net assets		5,221,780	3,290,842
Equity			
Issued capital	9	64,640,067	61,961,576
Reserves		483,265	480,232
Accumulated losses		(59,901,552)	(59,150,966)
Total equity		5,221,780	3,290,842

To be read in conjunction with the accompanying Notes to the Financial Statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2010

	Consolidated				
	Issued capital	Foreign Currency Reserve	Options Reserve	Accumulated losses	Total equity
	\$	\$	\$	\$	\$
Balance 1 April 2008	61,961,576	(56,186)	476,541	(56,663,843)	5,718,088
Contributions of equity, net of transaction costs	-	-	-	-	-
Foreign currency translation	-	27,237	-	-	27,237
Share-based payments	-	-	32,640	-	32,640
Net (income)/expenses recognised directly in equity	-	27,237	32,640	-	59,877
Loss after income tax benefit	-	-	-	(2,487,123)	(2,487,123)
Total recognised income/(expense) for the year	-	27,237	32,640	(2,487,123)	(2,427,246)
Balance 31 March 2009	61,961,576	(28,949)	509,181	(59,150,966)	3,290,842

	Consolidated				
	Issued capital	Foreign currency reserve	Options reserve	Accumulated losses	Total equity
	\$	\$	\$	\$	\$
Balance 1 April 2009	61,961,576	(28,949)	509,181	(59,150,966)	3,290,842
Contributions of equity, net of transaction costs	2,778,491	-	-	-	2,778,491
Cancellation of shares	(100,000)	-	-	100,000	-
Foreign currency translation	-	233	-	-	233
Share-based payments	-	-	2,800	-	2,800
Net (income)/expenses recognised directly in equity	-	233	2,800	-	3,033
Loss after income tax benefit	-	-	-	(850,586)	(850,586)
Total recognised income/(expense) for the year	-	233	2,800	(850,586)	(847,553)
Balance 31 March 2010	64,640,067	(28,716)	511,981	(59,901,552)	5,221,780

To be read in conjunction with the accompanying Notes to the Financial Statements

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CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2010

	Note	Consolidated	
		2010 \$	2009 \$
Cash flows from operating activities			
Receipts from customers		11,895,830	1,282,937
Payment to suppliers and employees		(14,633,686)	(3,299,872)
		(2,737,856)	(2,016,935)
Interest received		95,018	249,380
Finance costs paid		(146,858)	(232)
Income tax refund received		-	226,375
Income taxes paid		(16,871)	-
Net cash (outflow) from operating activities	7	(2,806,567)	(1,541,412)
Cash flows from investing activities			
Purchase of property, plant and equipment		(69,422)	(101,183)
Proceeds from sale of property, plant and equipment		-	35,797
Payments of security deposits		-	(57,630)
Refund of security deposits		63,180	3,000,000
Funds held in trust under NSO Agreement		-	2,900,000
Payments of funds held in trust under NSO Agreement		-	(2,900,000)
Loans advanced to third parties		-	(225,000)
Proceeds from sale of business		200,000	-
Net cash inflow / (outflow) from investing activities		193,758	2,651,984
Cash flows from financing activities			
Proceeds from borrowings		2,765,874	-
Pre-acquisition loans to other parties		(2,000,000)	-
Proceeds from the issue of shares		1,183,542	-
Expenses from the issue of shares		(12,384)	-
Net cash inflow from financing activities		1,937,032	-
Net (outflow) / increase in cash and cash equivalents		(675,777)	1,110,572
Cash and cash equivalents at the beginning of the financial year		3,300,043	2,189,471
Cash on acquisition of Farmworks Merchandising Services Pty Limited		294,101	-
Cash and cash equivalents at the end of the financial year		2,918,367	3,300,043

To be read in conjunction with the accompanying Notes to the Financial Statements

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2010

NOTE 1: CORPORATE INFORMATION

The financial report of Farmworks Australia Limited and controlled entities for the full year ended on 31 March 2010 was authorised for issue in accordance with a resolution of the directors on the 28 May 2010.

Farmworks Australia Limited is a company limited by shares, incorporated and domiciled in Australia whose shares are publically traded on the Australian Stock Exchange.

The company changed its name from ETT Limited to Farmworks Australia Limited at the Extraordinary General Meeting of members on 19 February 2010.

NOTE 2: BASIS OF PREPARATION

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, the Corporations Act 2001 and other mandatory professional reporting requirements.

The accounting policies have been consistently applied by the entities in the consolidated entity and are consistent with those applied in the 31 March 2009 annual report, except where stated.

The preliminary final report should be read in conjunction with the annual report for the year ended 31 March 2009 and any public announcements made by Farmworks Australia Limited and its controlled entities during the full year in accordance with the continuous disclosure requirements arising under the Corporations Act 2001.

The preliminary financial report does not include notes of the type normally included in an annual financial report.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2010

NOTE 3: REVENUE

(a) Revenue from operating activities

Revenue from sales or services
Interest revenue
Other revenue
Total revenue

Consolidated	
2010	2009
\$	\$
9,991,137	436,112
95,018	249,380
56,602	5,380
10,142,757	690,872

NOTE 4: EXPENSES

(a) Expenses from operating activities

Cost of product sales
Employee benefit expense
Administration expenses
Legal fees
Consulting and professional fees
Loss on sale of fixed assets
Accountancy and audit fees
Rental and occupancy expenses
Stock market expenses
Impairment of trade receivables
Impairment of fixed assets
Insurance
Foreign exchange (gains) / losses

Consolidated	
2010	2009
\$	\$
9,032,956	131,341
674,589	842,054
291,694	339,861
447,051	506,342
984,680	503,809
-	47,787
95,422	235,082
21,386	262,755
101,005	34,855
-	130,800
-	47,916
81,865	84,240
(2,746)	27,237
131,234	232
-	267,101
(225,000)	(250,000)
(505,149)	-
(200,000)	-
2,800	32,640
(927,349)	49,741
10,931,787	3,244,052
75,165	64,483
-	2,672
75,165	67,155

(b) Finance costs

(c) Significant Revenue and Expenses

The following significant revenue and expense items are relevant in explaining the financial performance:

Impairment of loans and receivables
Recoupment of previously impaired receivables
Reversal of previously accrued amounts relating to supply of services
Profit on sale of business
Share based payment expense

Total expenses from operating activities

NOTE 5: DEPRECIATION AND AMORTISATION

Depreciation of non current assets
Amortisation of intangibles

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2010

NOTE 6: INCOME TAX BENEFIT

income tax benefit

Current tax	
Under provision in prior years	
Aggregate income tax benefit	

Numerical reconciliation of income tax benefit to prima facie tax payable

Loss before income tax	
Tax at the Australian tax rate 30%	

Tax effect amounts which are not deductible/(taxable) in calculating taxable income:

Amortisation of intangibles	
Impairment of trade receivables	
Recoupment of previously impaired receivables	
Impairment of property, plant & equipment	
Impairment of loans and receivables	
Other permanent differences	

Under provision in prior years	
Current year tax losses not recognised	
Research and development tax offset	
Income tax refund	
Income tax benefit	

Consolidated	
2010	2009
\$	\$
(13,609)	(133,212)
-	-
(13,609)	(133,212)
(864,195)	(2,620,335)
(259,259)	(786,101)
-	802
8,645	39,240
(67,500)	(75,000)
-	14,375
-	80,130
34,015	25,401
(284,099)	(701,153)
-	-
284,099	701,153
-	(133,212)
(13,609)	-
(13,609)	(133,212)

NOTE 7: RECONCILIATION OF LOSS AFTER INCOME TAX TO NET CASH FLOWS FROM OPERATING ACTIVITIES

Loss after income tax benefit	
Depreciation and amortisation	
Loss on sale of fixed assets	
Impairment of fixed assets	
Foreign currency differences	
Share-based payments expense	
Impairment of trade receivables	
Recoupment of previously impaired receivables	
Impairment of loans and receivables	
Profit on sale of business	

Change in operating assets and liabilities:	
(Increase)/decrease in trade and other receivables	
(Increase)/decrease in inventories	
(Increase)/decrease in other operating assets	
Increase/(decrease) in trade and other payables	
Increase/(decrease) in other provisions	
Net cash outflow from operating activities	

Consolidated	
2010	2009
\$	\$
(850,586)	(2,487,123)
75,165	67,155
-	47,787
-	47,916
-	27,237
2,800	32,640
(28,818)	130,800
(225,000)	(250,000)
-	225,000
(200,000)	-
(1,289,592)	724,814
(1,205,760)	1,882
(295,164)	(127,930)
2,597,913	24,102
(1,387,525)	(5,692)
(2,806,567)	(1,541,412)

NOTE 8: NON-CASH INVESTING AND FINANCING ACTIVITIES

Issue of shares - acquisition of Farmworks Merchandising Services Pty Limited

Consolidated	
2010	2009
\$	\$
1,607,333	-
1,607,333	-

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2010**

NOTE 9: EQUITY (CONTINUED)

On 10 July 2009 2,000,000 pre consolidation options were issued at an exercise price of \$0.02 per option with an expiry date of 31 March 2011.

On 19 February 2010, at the Extraordinary General Meeting, shareholders approved the issue of 197,256,800 pre consolidation options with an exercise price of \$0.006 per option with an expiry date of 19 February 2013.

Subsequent to the option issue at the Extraordinary General Meeting, shareholders approved the restructure of the company's equity at a consolidation ratio of 40:1 in conjunction with the acquisition of Farmworks Merchandising Services Pty Limited.

On 12 March 2010, the acquisition of Farmworks Merchandising Services Pty Limited was completed and 2,510,474 consolidated options were issued as consideration for the acquisition. Further details in regards to the acquisition are at Note 13.

At the date of this report, the following consolidated options were on issue:

Options	Post Consolidated Exercise Price	Expiry Date
166,667	\$ 1.20	31/08/2010
766,667	\$ 1.40	31/08/2011
1,500,000	\$ 0.80	21/12/2010
100,000	\$ 0.80	29/05/2011
333,333	\$ 0.80	21/10/2011
533,333	\$ 0.40	21/10/2012
66,667	\$ 0.80	31/03/2011
6,575,227	\$ 0.24	19/02/2013
10,041,894		

NOTE 10: EARNINGS PER SHARE

Basic Earnings/ (Loss) per Share: (cents/share)

Basic earnings/(loss) per share

The earnings/(loss) and weighted average number of ordinary shares used in the calculation of basic earnings per share is as follows:

(a) Earnings/(Loss) after income tax

(b) Weighted average number of ordinary shares

(calculated on a post consolidation basis for the 2010 financial year)

Diluted Earnings / (Loss) per Share: (cents/share)

Diluted earnings / (loss) per share

The earnings and weighted average number of ordinary shares and potential ordinary shares used in the calculation of diluted earnings per share is as follows:

(a) Earnings/(Loss) after income tax

(b) Weighted average number of ordinary and potential ordinary shares
(calculated on a post consolidation basis for the 2010 financial year)

Consolidated	
2010 \$	2009 \$
(2.42)	(0.19)
(850,586)	(2,487,123)
2010 No.	2009 No.
35,195,332	1,332,378,954
2010 (cents/share)	2009 (cents/share)
(2.42)	(0.19)
2010 \$	2009 \$
(850,586)	(2,487,123)
2010 No.	2009 No.
35,195,332	1,332,378,954

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2010**

NOTE 11: NET TANGIBLE ASSET PER SECURITY

Net tangible assets per security

	2010 (cents/share)	2009 (cents/share)
	8.51	0.25

NOTE 12: SUBSIDIARIES

The consolidated financial results incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policies described in Note 1:

Name of entity	Country of incorporation	Equity holding	
		2010 %	2009 %
Ultimate Internet Pty Limited	Australia	100	100
Ultimate Transactions Pty Limited	Australia	100	100
Ultimate Axxess Pty Limited	Australia	100	100
ETT Access Limited	New Zealand	100	100
Farmworks Merchandising Services Pty Limited	Australia	100	-
Conquest Crop Protection Pty Ltd	Australia	100	-
Farmworks Australia Livestock Pty Ltd	Australia	100	-
Farmworks Property (WA) Pty Ltd	Australia	100	-
Farmworks Australian Financial Services Pty Ltd	Australia	100	-
Farmworks Investments Pty Ltd	Australia	100	-
Farmworks Financial Solutions Pty Ltd	Australia	100	-
Farmworks Hyden Pty Ltd	Australia	100	-
Farmworks Narrogin Pty Ltd	Australia	100	-
Farmworks Corrigin Pty Ltd	Australia	100	-
Farmworks Esperance Pty Ltd	Australia	100	-
Farmworks Carnamah Pty Ltd	Australia	100	-
Medmark International Pty Ltd (a)	Australia	-	100

(a) On 5 May 2009, an application for voluntary deregistration of a company was lodged with the Australian Securities and Investments Commission (ASIC). The application was made for the wholly owned subsidiary Medmark International Pty Limited. Consent was obtained from ASIC and the company was deregistered on the 8 July 2009.

NOTE 13: BUSINESS COMBINATIONS

On 12 March 2010, the consolidated entity acquired 100% of the share capital of Farmworks Merchandising Services Pty Limited. Details of the transaction were:

	\$
Shares issued as consideration	\$ 1,607,333
Options issued as consideration	\$ -
Deferred consideration	\$ 531,000
Total costs of combination	\$ 2,138,333

12,713,630 shares and 2,510,474 options were issued as part of the consideration. The fair value of the shares and options issued as consideration was valued by independent expert HLB Mann Judd by comparing the fair value of the company with the estimated market value of Farmworks Merchandising Services Limited.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2010

NOTE 13: BUSINESS COMBINATIONS (CONTINUED)

Assets and liabilities acquired as a result of the business combination were:

	Recognised on acquisition at fair value \$	Carrying value prior to acquisition \$
Assets and liabilities acquired		
- Cash assets	294,102	294,102
- Trade receivables	19,556,683	19,556,683
- Inventory	14,112,453	14,112,453
- Plant and equipment	1,820,921	1,820,921
- Intangibles	44,808	44,808
- Deferred tax assets	2,901,363	2,901,363
- Other assets	746,927	746,927
- Trade and other creditors	(20,338,468)	(20,338,468)
- Provisions	(329,548)	(329,548)
- Loans and borrowings	(16,196,075)	(16,196,075)
- Lease liabilities	(1,031,686)	(1,031,686)
- Deferred tax liability	(294,942)	(294,942)
Net assets acquired	1,286,538	1,286,538
Goodwill	851,795	-

The goodwill on acquisition arises as a result of the fair market value of Farmworks Merchandising Services Pty Limited assessed by the independent expert exceeding the fair value of the net assets acquired.

The values identified are provisional at 31 March 2010. In accordance with Accounting Standard AASB 3 Business Combinations, there is twelve months to finalise the values and purchase price allocation.

Contribution since acquisition

Since the acquisition date Farmworks Merchandising Services Pty Limited has contributed a loss after tax of \$73,066 which is included within the consolidated loss.

Transaction costs

Transaction costs were incurred in relation to the acquisition. These costs are included with legal, consulting and professional fees in the statement of comprehensive income.

NOTE 14: SEGMENT REPORTING

The consolidated entity predominately operated in one business segment being the agricultural sector within Australia.

NOTE 15: EVENTS OCCURRING AFTER BALANCE DATE

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.