
FARMWORKS AUSTRALIA LIMITED

ACN 091 320 464

APPENDIX 4F

TWELVE MONTH PERIOD ENDING 31 MARCH 2011

FARMWORKS AUSTRALIA LIMITED
ACN 091 320 464

APPENDIX 4F
TWELVE MONTH PERIOD ENDED 31 MARCH 2011

Reporting Period	Previous Corresponding Period
Period Ended 31 March 2011	Period Ended 31 March 2010

Results for Announcement to Market				
		Percentage Change		Amount AUD \$
Revenue from ordinary activities	up	1086.12%	to	120,305,588
Loss from ordinary activities after income tax attributable to members	up	(147.33%)	to	(2,103,733)
Net Loss attributable to members	up	(147.33%)	to	(2,103,733)

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	None	
Control lost over entities having material effect		
Net Tangible Asset per Security	31 March 2011 (cents/share)	31 March 2010 (cents/share)
Net tangible assets per security	(1.730)	8.510

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STATEMENT OF COMPREHENSIVE INCOME
FOR THE TWELVE MONTH PERIOD ENDED 31 MARCH 2011

	Note	Consolidated	
		31 March 2011 \$	31 March 2010 \$
Revenues	3	120,305,588	10,142,757
Expenses from ordinary activities	4	(120,042,430)	(10,800,553)
Finance costs	4	(1,919,765)	(131,234)
Depreciation and amortisation expense	5	(495,218)	(75,165)
(Loss) / Profit before income tax expense		(2,151,825)	(864,195)
Income tax benefit / (expense)	6	48,092	13,609
(Loss) / Profit after income tax expense		(2,103,733)	(850,586)
(Loss) / Profit attributable to members of FarmWorks Australia Limited		(2,103,733)	(850,586)

	Cents	
	2011	2010
Basic earnings / (loss) per share	(4.07)	(2.42)
Diluted earnings / (loss) per share	(4.07)	(2.42)

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

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2011

	Note	Consolidated	
		31 March 2011 \$	31 March 2010 \$
Current assets			
Cash and cash equivalents		3,920,718	2,918,367
Trade and other receivables		20,016,477	20,948,106
Inventories		16,497,238	15,665,904
Other current assets		814,442	721,801
Loans and receivables		-	225,000
Total current assets		41,248,875	40,479,178
Non-current assets			
Security deposits		63,210	-
Investments		41,340	293,513
Property, plant and equipment		1,472,733	1,872,639
Intangible assets	12	4,895,207	896,063
Deferred tax assets		3,198,187	3,198,187
Total non-current assets		9,670,677	6,260,402
Total assets		50,919,552	46,739,580
Current liabilities			
Trade and other payables		25,767,977	21,591,065
Provisions		307,622	270,363
Borrowings	11	18,449,035	16,961,949
Lease liabilities		318,868	394,918
Deferred cash consideration		244,332	354,000
Income tax liabilities		807,093	806,444
Total current liabilities		45,894,927	40,378,739
Non-current liabilities			
Lease liabilities		620,370	667,281
Provisions		223,497	-
Deferred cash consideration		-	177,000
Deferred tax liabilities		294,780	294,780
Total non-current liabilities		1,138,647	1,139,061
Total liabilities		47,033,574	41,517,800
Net assets		3,885,978	5,221,780
Equity			
Issued capital	8	65,497,188	64,640,067
Reserves		394,075	483,265
Accumulated losses		(62,005,285)	(59,901,552)
Total equity		3,885,978	5,221,780

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

STATEMENT OF CHANGES IN EQUITY
FOR THE TWELVE MONTH PERIOD ENDED 31 MARCH 2011

	Consolidated				Total equity
	Issued capital	Foreign currency reserve	Options reserve	Accumulated losses	
	\$	\$	\$	\$	
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

	Consolidated				Total equity
	Issued capital	Foreign currency reserve	Options reserve	Accumulated losses	
	\$	\$	\$	\$	
Balance 1 April 2010	64,640,067	(28,716)	511,981	(59,901,552)	5,221,780
Options lapse transferred to equity	94,300	-	(94,300)	-	-
Private placement	762,821	-	-	-	762,821
Foreign currency translation	-	(66)	-	-	(66)
Share-based payments	-	-	5,176	-	5,176
Net (income)/expenses recognised directly in equity	-	(66)	5,176	-	5,110
Loss after income tax benefit	-	-	-	(2,103,733)	(2,103,733)
Total recognised income/(expense) for the year	-	(66)	5,176	(2,103,733)	(2,098,623)
Balance 31 March 2011	65,497,188	(28,782)	422,857	(62,005,285)	3,885,978

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

STATEMENT OF CASH FLOWS
FOR THE TWELVE MONTH PERIOD ENDED 31 MARCH 2011

	Note	Consolidated	
		31 March 2011	31 March 2010
		\$	\$
Cash flows from operating activities			
Receipts from customers		133,137,813	11,895,830
Payment to suppliers and employees		(132,632,834)	(14,633,686)
		504,979	(2,737,856)
Interest received		88,758	95,018
Finance costs paid		(1,966,062)	(146,858)
Income tax refund received		46,039	-
Income taxes paid		-	(16,871)
Net cash inflow from operating activities	7	(1,326,286)	(2,806,567)
Cash flows from investing activities			
Purchase of property, plant and equipment		(82,849)	(69,422)
Proceeds from sale of property, plant and equipment		191,624	-
Payment of security deposits		(95,000)	-
Proceeds from the sale of investments		324,212	-
Loans repaid by third parties		225,000	-
Refund of security deposits		-	63,180
Pre-acquisition loans to other parties		-	(2,000,000)
Proceeds from the sale of business		-	200,000
Net cash inflow from investing activities		562,987	(1,806,242)
Cash flows from financing activities			
Proceeds from / (repayments of) borrowings		1,343,938	2,765,874
Proceeds from / (repayments of) lease liabilities		(341,109)	-
Proceeds from issue of shares		762,821	1,183,542
Expenses from issue of shares		-	(12,384)
Net cash outflow from financing activities		1,765,650	3,937,032
Net (outflow) / increase in cash and cash equivalents		1,002,351	(675,777)
Cash and cash equivalents at the beginning of the financial year		2,918,367	3,300,043
Cash on acquisition of Farmworks Merchandising Services Pty Ltd		-	294,101
Cash and cash equivalents at the end of the financial period		3,920,718	2,918,367

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE TWELVE MONTH PERIOD ENDED 31 MARCH 2011

NOTE 1: CORPORATE INFORMATION

The financial report of FarmWorks Australia Limited and controlled entities for the twelve months ended on 31 March 2011 was authorised for issue in accordance with a resolution of the directors on the 30 May 2011.

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

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 30 September 2010 annual report, except where stated.

The financial report should be read in conjunction with the annual report for the period ended 30 September 2010 and any public announcements made by FarmWorks Australia Limited and its controlled entities during the six months in accordance with the continuous disclosure requirements arising under the Corporations Act 2001.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE TWELVE MONTH PERIOD ENDED 31 MARCH 2011

NOTE 3: REVENUE

(a) Revenue from operating activities

Revenue from sales or services
Interest revenue
Other revenue
Total revenue

Consolidated	
31 March 2011	31 March 2010
\$	\$
119,193,408	9,991,137
88,758	95,018
1,023,422	56,602
120,305,588	10,142,757

NOTE 4: EXPENSES

(a) Expenses from operating activities

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

(b) Finance costs

(c) Significant Revenue and Expenses

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

Profit on sale of investments
Recoupment of previously impaired receivables
Reversal of previous amounts accrued for supply of services
Profit on sale of business
Loss on sale of assets
Share based payment expense

Total expenses from operating activities

Consolidated	
31 March 2011	31 March 2010
\$	\$
45,139	95,422
1,063,966	291,694
1,171,322	984,680
108,558,064	9,032,956
6,735,174	674,589
-	(2,746)
76,303	-
799,773	81,865
192,605	447,051
533,200	-
842,100	21,386
66,210	101,005
1,919,765	131,234
(112,039)	-
-	(225,000)
-	(505,149)
-	(200,000)
65,437	-
5,176	2,800
(41,426)	(927,349)
121,962,195	10,931,787
433,126	69,812
62,092	5,353
495,218	75,165

NOTE 5: DEPRECIATION AND AMORTISATION

Depreciation of non current assets
Amortisation of intangibles

NOTES TO THE FINANCIAL STATEMENTS
FOR THE TWELVE MONTH PERIOD ENDED 31 MARCH 2011

NOTE 8: EQUITY

(a) Ordinary shares - authorised and fully paid

Parent		Parent	
31 March 2011 Shares	31 March 2010 Shares	31 March 2011 \$	31 March 2010 \$
58,482,991	50,854,781	65,497,188	64,640,067
58,482,991	50,854,781	65,497,188	64,640,067

Movements in ordinary share capital

Opening balance 1 April 2010
Options lapse transferred to equity
Issue of shares - private placement
- 23 February 2011
Balance at 31 March 2011

No. of shares	\$
50,854,781	64,640,067
-	94,300
7,628,210	762,821
58,482,991	65,497,188

(b) Options

Parent	
31 March 2011 Options	31 March 2010 Options
8,708,559	10,041,894
8,708,559	10,041,894

Movements in options

Opening balance 1 April 2010
Options issues during the year
- 25 August 2010
Options exercised during year
Options lapsed during year
Balance at 31 March 2011

No. of options
10,041,894
400,000
-
(1,733,335)
8,708,559

On 25 August 2010 at the Annual General Meeting, shareholders approved the issue of 400,000 options at an exercise price of \$0.25 per option with an expiry date of 16 September 2013.

On 31 August 2010, 166,667 options with an exercise price of \$0.20 per option lapsed.

On 21 December 2010, 1,500,000 options with an exercise price of \$0.80 per option lapsed.

On 31 March 2011, 66,668 options with an exercise price of \$0.80 per option lapsed.

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

Options	Post Consolidated Exercise Price	Expiry Date
766,668	\$ 1.40	31/08/2011
100,000	\$ 0.80	29/05/2011
333,332	\$ 0.80	21/10/2011
533,332	\$ 0.40	21/10/2012
6,575,227	\$ 0.24	19/02/2013
400,000	\$ 0.25	16/09/2013
8,708,559		

NOTES TO THE FINANCIAL STATEMENTS
FOR THE TWELVE MONTH PERIOD ENDED 31 MARCH 2011

NOTE 9: 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

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

Consolidated	
31 March 2011 (cents/share)	31 March 2010 (cents/share)
(4.07)	(2.42)
(2,103,733)	(850,586)
31 March 2011 No.	31 March 2010 No.
51,628,052	35,195,332
31 March 2011 (cents/share)	31 March 2010 (cents/share)
(4.07)	(2.42)
(2,103,733)	(850,586)
31 March 2011 No.	31 March 2010 No.
51,628,052	35,195,332

NOTE 10: NET TANGIBLE ASSET PER SECURITY

Net tangible assets per security

31 March 2011 (cents/share)	31 March 2010 (cents/share)
(1.730)	8.510

NOTE 11: BORROWINGS

Borrowings

Consolidated	
31 March 2011 \$	31 March 2010 \$
18,449,035	16,961,949
18,449,035	16,961,949

Borrowings relates to a secured finance facility with GE Commercial Finance secured against the inventory and debtors of the consolidated entity. The facility was renewed on the 7 June 2010 for an additional three years. In addition, the consolidated entity entered into a series of unsecured loans totalling \$1,900,000 with Charter Pacific Limited Corporation bearing an interest rate of 12% per annum.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE TWELVE MONTH PERIOD ENDED 31 MARCH 2011

NOTE 12: INTANGIBLE ASSETS

Intangible assets

Consolidated	
31 March 2011	31 March 2010
\$	\$
4,895,207	896,063
4,895,207	896,063

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 - current	\$ 354,000
Deferred consideration - non-current	\$ 177,000
Total costs of combination	\$ 1,961,333

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 Pty Ltd.

The deferred consideration relates to the discounted future value of the amount payable to the vendors of FarmWorks Merchandising Services Pty Limited. The cash consideration is \$600,000 payable over a 18 month period.

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

	Recognised on acquisition at fair value \$	Fair Value Adjustments \$	Carrying Amounts \$
Assets and liabilities acquired			
- Cash assets	294,102	-	294,102
- Trade receivables	19,556,683	(127,403)	19,429,280
- Inventory	14,112,453	(3,220,357)	10,892,096
- Plant and equipment	1,820,921	-	1,820,921
- Intangibles	44,808	-	44,808
- Identifiable Intangibles acquired on acquisition	-	4,500,000	4,500,000
- Deferred tax assets	2,901,363	-	2,901,363
- Other assets	746,927	-	746,927
- Trade and other creditors	(20,338,468)	(449,503)	(20,787,971)
- Provisions	(329,548)	(219,524)	(549,072)
- 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	483,213	1,769,751
Goodwill	851,795	(483,213)	368,582
Total	2,138,333	-	2,138,333

The provisional accounting for the FarmWorks Merchandising Services Pty Limited acquisition was adjusted during the current period. The goodwill balance was adjusted for the recognition of previously unrecognised financial losses and the intangibles balance was adjusted following the finalisation of the valuation of certain intangible assets.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE TWELVE MONTH PERIOD ENDED 31 MARCH 2011

NOTE 6: INCOME TAX BENEFIT

	Consolidated	
	31 March 2011 \$	31 March 2010 \$
<i>Income tax benefit / (expense)</i>		
Current tax	48,092	13,609
Aggregate income tax benefit / (expense)	48,092	13,609
<i>Numerical reconciliation of income tax benefit to prima facie tax payable</i>		
Loss before income tax	(2,151,825)	(864,195)
Tax at the Australian tax rate 30%	(645,548)	(259,259)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Amortisation of intangibles	18,628	-
Impairment of trade receivables	22,891	8,645
Recoupment of previously impaired receivables	-	(67,500)
Other permanent differences	9,630	34,015
	(594,399)	(284,099)
Current year tax losses not recognised	594,399	284,099
Income tax refund	48,092	13,609
Income tax benefit / (expense)	48,092	13,609

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

	Consolidated	
	31 March 2011 \$	31 March 2010 \$
Loss after income tax benefit	(2,103,733)	(850,586)
Depreciation and amortisation	495,218	75,165
Profit on sale of business	-	(200,000)
Profit on sale of investments	(112,039)	-
Loss on sale of assets	65,437	-
Foreign currency differences	(66)	-
Share-based payments expense	5,176	2,800
Impairment of trade receivables	76,303	(28,818)
Recoupment of previously impaired receivables	-	(225,000)
Change in operating assets and liabilities:		
(Increase)/decrease in trade and other receivables	855,326	(1,289,592)
(Increase)/decrease in inventories	(831,334)	(1,205,760)
(Increase)/decrease in other operating assets	(4,082,086)	(295,164)
Increase/(decrease) in trade payables and other liabilities	4,187,255	2,597,913
Increase/(decrease) in other provisions	118,257	(1,387,525)
Net cash outflow from operating activities	(1,326,286)	(2,806,567)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE TWELVE MONTH PERIOD ENDED 31 MARCH 2011

NOTE 14: SEGMENT REPORTING

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

NOTE 15: 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	
		2011 %	2010 %
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	100
Conquest Crop Protection Pty Ltd	Australia	100	100
FarmWorks Australia Livestock Pty Ltd	Australia	100	100
FarmWorks Property (WA) Pty Ltd	Australia	100	100
FarmWorks Australian Financial Services Pty Ltd	Australia	100	100
FarmWorks Investments Pty Ltd	Australia	100	100
FarmWorks Financial Solutions Pty Ltd	Australia	100	100
FarmWorks Hyden Pty Ltd	Australia	100	100
FarmWorks Narrogin Pty Ltd	Australia	100	100
FarmWorks Corrigin Pty Ltd	Australia	100	100
FarmWorks Esperance Pty Ltd	Australia	100	100
FarmWorks Carnamah Pty Ltd	Australia	100	100

NOTE 16: CONTINGENT LIABILITIES

No contingent liabilities or contingent assets exist at 31 March 2011 and up to the date of this report.

NOTE 17: 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.

NOTE 18: GOING CONCERN AND SOLVENCY

The Directors have prepared this report on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business. This is notwithstanding that the consolidated entity incurred losses for the twelve month period of \$2,103,733 (31 March 2010: \$850,586) and that at 31 March 2011, current liabilities exceed current assets by \$4,646,052.

The Board have prepared cash flow forecasts that allow for the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business. The Board acknowledges that these cash flows are dependent on one or more of the the following:

- The Directors being able to arrange alternative sources of finance as required either from the current shareholders, new shareholders through a placement of shares or debt financing through convertible notes, banks or other financiers.
- The groups lenders and certain creditors not withdrawing their financial support, by demanding payment of liabilities presently due to them.
- The Directors being able to increase the consolidated entity's revenue, based on current business plans.
- The Directors being able to reduce the consolidated entity's cost base to minimise net cash outflow.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE TWELVE MONTH PERIOD ENDED 31 MARCH 2011

NOTE 18: GOING CONCERN AND SOLVENCY (CONTINUED)

If the cash flow forecasts are not achieved and alternative sources of finances are not obtained, then in the opinion of the Directors, uncertainty exists as to whether the consolidated entity will be able to continue as a going concern. Moreover, uncertainty exists as to whether it will be able to pay its debts as and when they become due and payable.

Should the consolidated entity be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts that differ from those stated in the report. This report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amount and classification of liabilities that may be necessary should the consolidated entity be unable to continue as a going concern or pay its debts as and when they become due.

NOTE 19: AUDIT REVIEW OF ACCOUNTS WHICH THIS REPORT IS BASED

The report is based on accounts to which one of the following applies:

The accounts are in the process of being audited or subject to review

The accounts have been subject to review

The accounts have been audited

The accounts have not yet been audited or subject to review



Sign here:

Date:

30 May 2011

Print name:

Larry Shutes

FARMWORKS AUSTRALIA LIMITED

DIRECTORS DECLARATION
FOR THE TWELVE MONTH PERIOD ENDED 31 MARCH 2011

The directors declare;

1. that the financial report and notes, in the form of Appendix 4F of the Australian Securities Exchange (ASX) Listing Rules for the consolidated entity,
 - (a) comply with Accounting Standard; AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the consolidated entity's financial position as at 31 March 2011 of its performance, as represented by the results of its operations and its cashflows, for the for the twelve month period on that date.
2. in the Director's opinion there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable.

This report is made in accordance with a Resolution of the Board of Directors and is signed for and on behalf of the Directors.

Dated at Sydney this 30 May 2011.



Larry Shutes
Chairman



Kevin Dart
Director



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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF FARMWORKS AUSTRALIA LIMITED

We have reviewed the accompanying financial report of Farmworks Australia Limited and controlled entities (the consolidated entity), which comprises the consolidated statement of financial position as at 31 March 2011, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidation statement of cash flows for the year ended on that date, together with a statement of accounting policies, other selected explanatory notes and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the Farmworks Australia Limited are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of Interim and Other Financial Reports 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 financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 March 2011 and its performance for the year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Farmworks Australia Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a 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.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

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 Farmworks Australia Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 March 2011 and of its performance for the year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Emphasis of Matter - Going Concern

Without qualifying our opinion, we draw attention to Note 18 to the financial statements, which states that the consolidated entity incurred a net loss of \$2,103,733 for the year ended 31 March 2011 and, as of that date the consolidated entity's current liabilities exceeded its current assets by \$4,646,052. These conditions, along with other matters as set forth in Note 18, indicate the existence of a material uncertainty about the consolidated entity's ability to:

- (a) continue as a going concern and therefore, whether it will realise its assets and discharge its liabilities in the normal course of business at the amounts stated in the financial report; and
- (b) pay its debts as and when they become due and payable.

Pitcher Partners

PITCHER PARTNERS
Sydney

30 May 2011

Mark Godlewski

MARK A GODLEWSKI
Partner



PITCHER PARTNERS
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AUDITOR'S INDEPENDENCE DECLARATION

To the Directors of Farmworks Australia Limited

In relation to the independent review for the year ended 31 March 2011 of Farmworks Australia Limited, to the best of my knowledge and belief there have been:

(i) No contraventions of the auditor independence requirements of the *Corporations Act 2001*;
and

(ii) No contraventions of any applicable code of professional conduct.

MARK GODLEWSKI

Partner

Pitcher Partners

Sydney

30 May 2011