

# BSES Limited Annual Report

## 2010-11

# Our Business

**BSES Limited - essential to profitable, sustainable sugarcane production.**

Research, creative development and effective extension of new knowledge and technology are vital to every agricultural industry. BSES is the principal provider of research, development and extension to the Australian sugarcane industry.

BSES' strengths are its scientists, engineers, field staff, extension officers and administrative staff who work together to ensure that Australian sugarcane is a valuable, viable commodity.

BSES has two major programs of work, QCANES, and QCROPS. It conducts these through its stations, centres and laboratories that are located in 17 sugarcane growing areas throughout Queensland and northern New South Wales.

## **What future are we creating?**

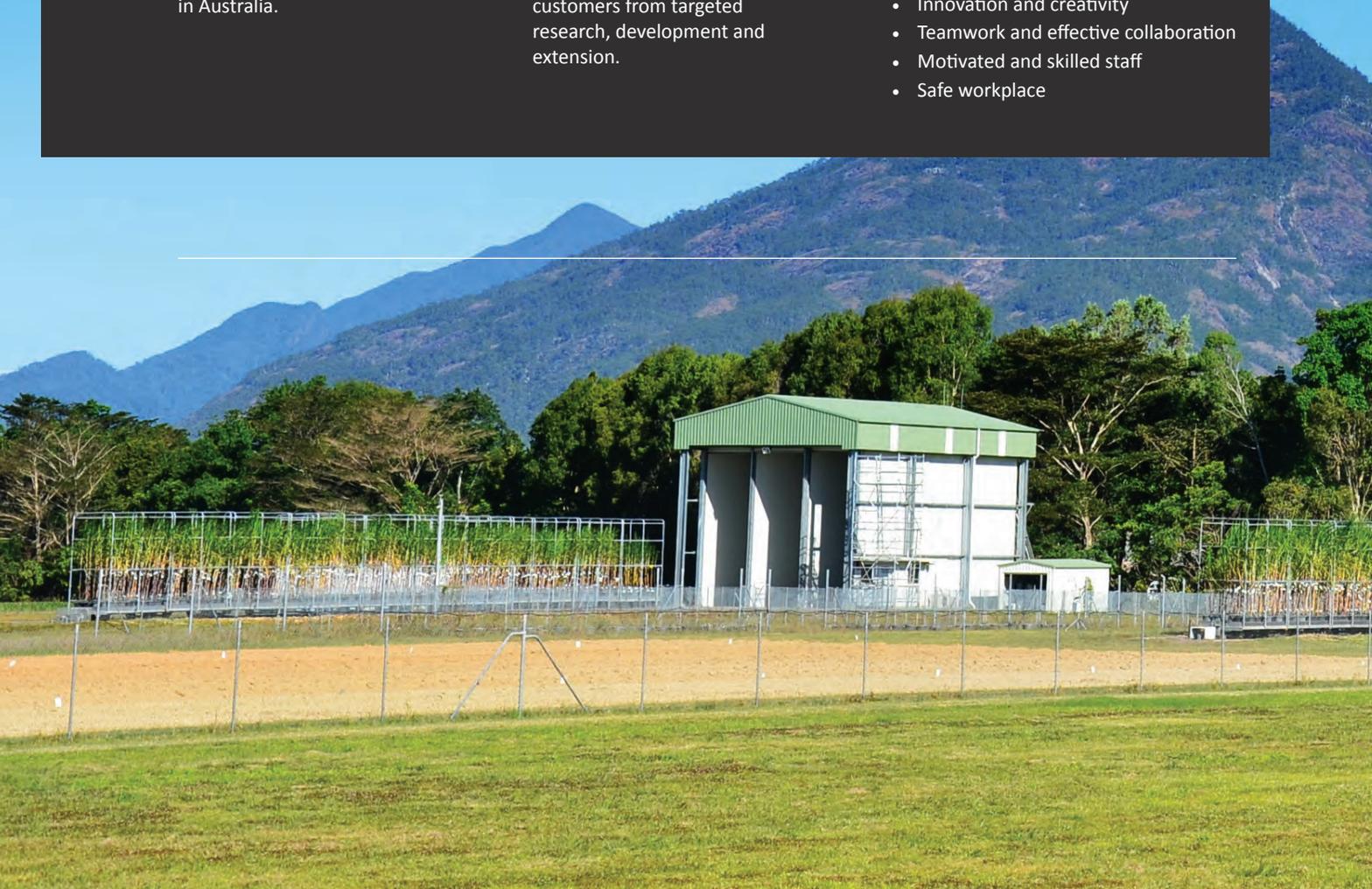
An industry-owned BSES partnering in a profitable and sustainable sugarcane industry in Australia.

## **What is our role in contributing to that future?**

Delivering realised value to growers, millers and other customers from targeted research, development and extension.

## **How do we operate?**

- Industry leader
- Customer focus
- Commercial performance
- Innovation and creativity
- Teamwork and effective collaboration
- Motivated and skilled staff
- Safe workplace

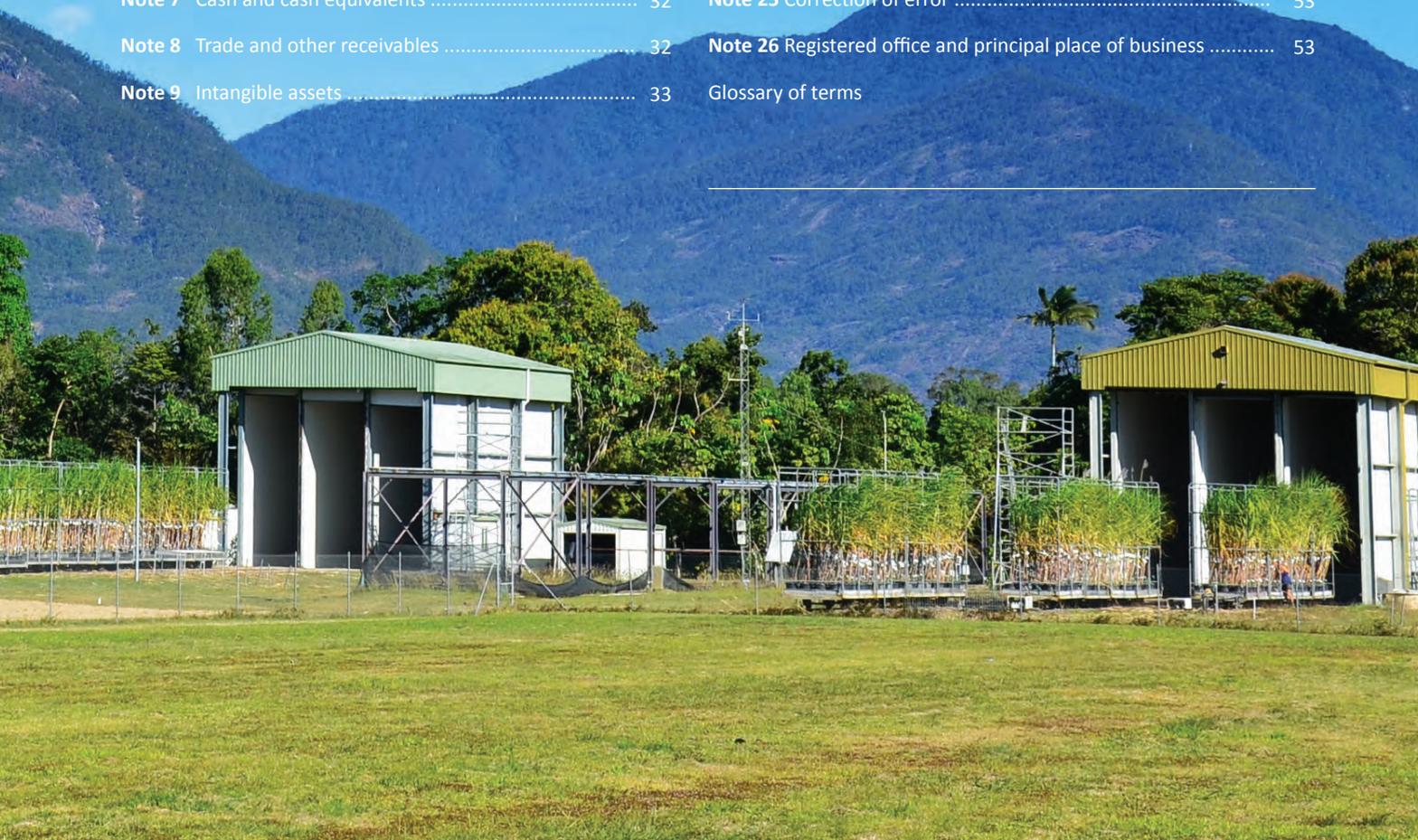


# Contents

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Chair of Directors' Statement .....	1	<b>Note 10</b> Property, plant & equipment .....	34
Year in review by the Chief Executive Officer .....	3	<b>Note 11</b> Financial assets .....	37
Corporate governance .....	14	<b>Note 12</b> Deferred tax assets and liabilities .....	37
Board of Directors .....	16	<b>Note 13</b> Trade and other payables .....	38
Directors' Report .....	17	<b>Note 14</b> Employee benefits .....	38
Statement of Comprehensive Income .....	18	<b>Note 15</b> Investment in equity-accounted investees .....	38
Statement of Financial Position .....	19	<b>Note 16</b> Superannuation .....	39
Statement of Changes in Equity .....	20	<b>Note 17</b> Retained earnings and reserves .....	43
Statement of Cash Flows .....	21	<b>Note 18</b> Contingent assets / liabilities .....	43
<b>Note 1</b> Significant accounting policies .....	22	<b>Note 19</b> Reconciliation for cash flows from operating activities ...	44
<b>Note 2</b> Revenue .....	30	<b>Note 20</b> Financial instruments .....	44
<b>Note 3</b> Income tax .....	31	<b>Note 21</b> Commitments .....	50
<b>Note 4</b> Personnel and other expenses .....	31	<b>Note 22</b> Key management personnel disclosure .....	51
<b>Note 5</b> Net financing income .....	32	<b>Note 23</b> Related parties .....	52
<b>Note 6</b> Auditors' remuneration .....	32	<b>Note 24</b> Events occurring after reporting date .....	52
<b>Note 7</b> Cash and cash equivalents .....	32	<b>Note 25</b> Correction of error .....	53
<b>Note 8</b> Trade and other receivables .....	32	<b>Note 26</b> Registered office and principal place of business .....	53
<b>Note 9</b> Intangible assets .....	33	Glossary of terms	

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# Chair of Director's Statement

For some years now, the BSES Board has been searching for effective ways to hold itself accountable to its stakeholders. In a strictly legal sense, we are accountable to our 'members', currently 2713 growers and 9 millers. In addition, we have responsibilities to our other stakeholders, including non-member growers, Industry bodies, the State and Federal Governments and other funders such as SRDC.

I cannot give you a formula for success, but I can give you one for failure - that is to try to please everybody. It is a fundamental management principle that for one dog there should be only one master.

On the basis that we should act in the best interests of the *majority* and in order to provide some certainty of funding for the exciting strategic direction being taken, the BSES Board made a decision some 18 months ago that our funding model should be based on Plant Breeder's Rights (PBR) with the miller/grower share to be negotiated at the local level. This decision was taken after exhaustive analysis of all the options available. As it turns out now, the overwhelming feedback from the majority of our stakeholders is that we should have gone ahead as planned. Nevertheless, in an effort to work cooperatively with the Industry associations, we agreed to defer any change to arrangements until the Industry bodies themselves could consider the issues. This led to the Australian Sugar Industry Alliance (ASA) commissioning of the Port Jackson Partners (PIP) report, followed by the determination of a preferred position by ASA and now the review by Dr Sandra Welsman. It is hoped that an agreed position can be reached by the end of this calendar year so that we can get on, without distraction, with the important work that BSES does to underpin the industry's success.

BSES has been under-funded for a number of years now. During a time when all businesses have been experiencing escalating input costs, BSES was unable to increase its revenue because of poor world sugar prices and thus the inability of the industry to provide further funding. The strategies employed by BSES to cope with this situation were:

1. Ensure tight cost controls.

2. Undertake a peer review and compare productivity and efficiency with South Africa and Brazil to ensure world standards applied.
3. Draw down on reserves, which are now rapidly approaching the minimum prudent level that ought to be maintained.

These measures have now run their course and we are faced with either a significant catch-up in funding or a severe pruning of operations. The former will allow the Industry to strive to maintain its competitive world position - the latter will ensure the Industry loses its relevance in world markets. Some critical decisions need to be made before 31 December 2011.

Another incredibly important issue arising from all of this is that, while the clear majority are supportive of BSES and what it does, there are also some harsh critics and a range of views in between. Obviously, we need to communicate more effectively to all our stakeholders about what we are achieving. My personal experience is that researchers generally are fairly modest and reluctant to 'blow their own trumpets' but the swag of awards presented to BSES at this year's ASSCT conference shows that some parts of Industry recognise these achievements. I believe we have to address this issue and we will work on this over the next year. How simple it would be if we could be accountable to one single point and all stakeholders accepted its authority to be the point of reference.

Paul Wright AM

Chairman

# Strategic Overview 2008-13

## Focus >

### 1. Purpose

- To deliver realised value to the Australian sugarcane industry through targeted R,D&E

### 2. Critical success factors

- Increasing, more reliable cane supply for sugar and alternative uses
- Input costs and environmental footprint minimised

### 3. Values

- Customer focus
- Industry leader
- Commercial performance
- Innovation and creativity
- Teamwork/collaboration
- Motivated skilled staff
- Safe workplace

### 4. Competitive advantages

- Monopoly on elite varieties
- IP and quality staff
- Regional networks
- Brand history

## Direction >

### 5. Strategic operation

- Innovative and effective R,D&E
- Delivery of benefits of R,D&E to customers
- Creation of a global brand and identity for BSES
- Development of appropriate partnerships

### 6. Strategic priorities

- Develop and get adoption of improved conventional varieties
- Develop and commercialise GM varieties
- Support an effective biosecurity capability for the Australian sugarcane industry
- Deliver R&D-based tailored solutions that improve the sustainability of our customers' businesses
- Develop farming systems that improve the sustainability and supply security to our customers
- Develop systems for sugarcane-based biorefineries
- Develop and deliver techniques that improve sugar factory performance
- Maximise profit from BSES intellectual property, products and services

## Results >

### 7. Key performance indicators

- Achievement of targets outlined in Strategic Plan
- Sustainable financial position
- Staff satisfaction
- Workplace health and safety performance recognised as exceptional

### 8. Outcomes and milestones

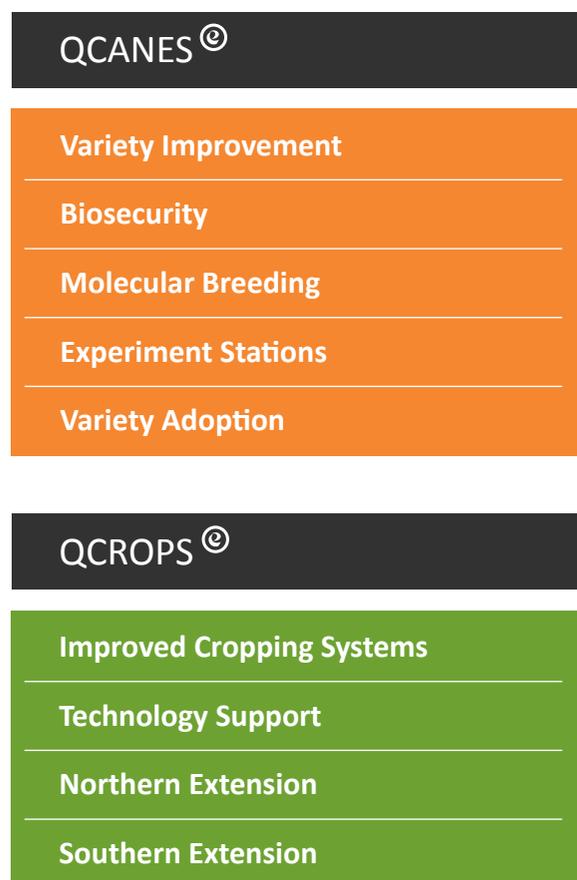
- Increasing (t/ha) and more reliable cane supply
- Hewitt Best Employer
- Safe workplace
- Value proposition accepted by stakeholders

# Year in Review by the Chief Executive Officer

BSES Limited is the principal provider of research, development and extension to the Australian sugarcane industry. From its predecessor formed in 1900, BSES has been applying good science to problems facing sugarcane growers, millers, harvester contractors and government to find ways to make sugarcane production more profitable and environmentally sustainable.

The BSES Research, Development and Extension operations structure is highlighted in Figure 1 below.

**Figure 1:** BSES QCANES and QCROPS Program Structure:



Both the QCANES and QCROPS have strong embedded extension (e) components that help industry realise the benefits of new varieties and better ways of farming. It is this integrated structure that makes BSES' service so effective and valuable to the industry. The QCANES and QCROPS programs are supported by experts in finance, human resources, safety and risk, IT governance, project management, intellectual property management, commercialisation, business analysis, communications and marketing and administration.

## Successes and challenges

During the past year, BSES has worked closely with all industry partners including but not limited to CANEGROWERS, SRDC, Australian Sugar Milling Council, Australian Cane Farmers Association and government departments such as the Department of Employment, Economic Development and Innovation (DEEDI), and the Department of Resource Management (DERM) to find ways to make sugarcane production more profitable and environmentally sustainable.

The industry faced many challenges during the past year, in particular the wet weather conditions leaving significant areas of standover cane, and two (Anthony and Yasi) cyclones. Category 5 Cyclone Yasi in particular left a significant mark on the local industry. The wet weather caused failure of plant cane and the inability by growers to harvest some of the crop. The BSES extension team were instrumental in the wet weather and cyclone recovery process. They provided advice on weed control, fertiliser requirements, pest and disease management and assisted growers with their decision on whether to keep or plough-out particular blocks. The team was heavily involved in assessing the impact of Cyclone Yasi on the sugarcane crop in north to central Queensland.

One of the most important services that BSES performs for the Australian sugarcane industry is the breeding of new, hardier and better yielding sugarcane varieties. The BSES QCANES program achieves this by giving its members access to our world-class variety breeding program. Through its QCANES Plant Improvement Program, BSES released three new varieties, Q241<sup>ϕ</sup>, Q242<sup>ϕ</sup>, and Q243<sup>ϕ</sup> during the year. The varieties released to industry by BSES represent a positive return on the investment made by growers and millers.

Like many growers, the QCANES program experienced some setbacks with the excessively wet year, and poor flowering season resulting in the shortest crossing season in 30 years. Regardless of this setback the crossing team made 345 bi-parental crosses in the 3 week window of opportunity.

The QCANES program is supported by the efficient coordination and management of our seven experiment stations. This program provides support in the form of land, irrigation, machinery, offices, laboratories, workshops, sheds, crossing facilities, glasshouses, labour and provides a secure platform for the management of trials for all programs. In particular, early selection stages and cross pollination variety collection associated with the Variety Improvement Program are accommodated on experiment stations.

Snapshot of QCANES achievements:

- Tissue culture technology is now widely used for propagation of new and high-demand varieties in the Southern region. The demand for tissue culture-propagated material is growing and was introduced in Mackay and Sarina.
- The use of optimal genetic evaluation in its conventional sugarcane breeding and selection program has resulted in a further three varieties released to industry.
- Significant biosecurity trial work has been undertaken in Papua New Guinea of the serious disease, Downy mildew, not found in Australia. Research is underway to develop diagnostic assays for Downy mildew in preparedness should this disease cross our shores. Being pro-active is paramount to any possible biosecurity threats.

The BSES QCROPS program adds value to sugar production by identifying ways to improve farm efficiency, maximise yields, minimise inputs and costs, reduce environmental impacts, and develop ways in which advancements can be adopted by industry. The Program also researches pest and disease management strategies and product options. The Extension arm of QCROPS packages the research undertaken by QCANES and QCROPS and delivers the packages to industry through one-on-one extension, workshops, and other training modes.

Web-based technology has been embraced by BSES for a number of years, and early 2011 launched NutriCalc™. Our QCROPS team, in collaboration with the National Centre for Engineering in Agriculture, developed the online nutrient management resource. NutriCalc™ is part of the BSES Six Easy Steps nutrient management package, and is designed to assist growers and/or their advisors in determining their nutrient requirements, and much more.

Snapshot of QCROPS achievements:

- Development of the integrated on-line nutrient management support system branded NutriCalc™. NutriCalc™ is part of the BSES Six Easy Steps nutrient management package, and is designed to assist growers and/or their advisors to determine nutrient requirements for particular blocks of cane based on soil test reports.
- BSES Engineering staff conducted a series of trials in the Mackay, Burdekin, Ingham and Tully regions focusing on the cleaning and cane-loss performance of current harvesting technology that includes larger fan diameters and newer fan hub design. The data gathered during the trials was used as the basis for updating the harvesting best practice guidelines resulting in the delivery of harvesting best practice workshops.
- Technology transfer is key to keeping the industry informed on emerging research developments and regulations. The BSES extension team developed innovative delivery models to optimise industry-wide adoption of best management practices. They included but are not limited to integrated weed management workshops and ChemCert training. In all sugarcane growing areas shed meetings and field walks

were held and included topics of interest such as drainage, crop nutrition to pest and disease management.

The quality of our RD&E programs was once again recognised during the ASSCT conference held in May 2011 with a number of awards received. The SRDC Research Group Innovation Award winner was the *Six Easy Steps* program led by Dr Bernard Schroeder, Program Leader – Improved Cropping Systems based at BSES Bundaberg. The SRDC Individual Research Scientist award was awarded to Dr Prakash Lakshmanan, Program Leader and Principal Research Scientist in biotechnology based at BSES Indooroopilly. A number of other awards were presented to BSES staff and are highlighted further in this report. It is pleasing to see that these achievements are recognised by industry for the dedication and contribution our staff inject to BSES as an organisation and to the Australian sugarcane industry.

## Safety

Safety is a high priority for BSES and the Board and Management take their responsibilities in ensuring we have a safe workplace very seriously. BSES has improved its safety performance significantly over the past year, and we continue to seek further improvements. We work in an industry that exposes everyone to significant risks of injury, and some of these can be very serious. It is a continuous challenge, but we need to ensure that safety is a priority on everyone's mind.

## Our people

Our people are the driving force behind our successes and achievements. The effort and commitment by BSES staff is evident in the SRDC and ASSCT awards received again this year, as was the case in previous years. Challenges are met head on and more often than not a pro-active approach is taken by our people to safe-guard the industry from pests and diseases (eg. smut incursion in 2006). Our people inject their talents into exploring new initiatives and, with industry partners including growers, strive towards building a stronger industry. This drive will ensure sugarcane production is more profitable and environmentally sustainable into the future.

## Challenges ahead

The year ahead will be a challenging one not only for the industry in overcoming the wet season experienced early in 2011 but for BSES as well. BSES faces interesting times with the ASA RD&E review, and in particular Dr Welsman's work in identifying the way forward. This is a critical goal in ensuring the future competitiveness of this industry. The fundamental outcome of this process will be a more efficient, effective and sustainable RD&E sector serving our industry.

There are biosecurity threats on our doorstep and our people have their finger on the pulse in preparedness for any possible incursion of unwanted pests and diseases. We face other challenges such as competitiveness with the overseas market, and environmental pressures.

BSES has provided many benefits to the industry for over 110 years, and we will continue to do so into the future.

In the following pages further important QCANES, QCROPS, and BSES corporate services team achievements during 2010-2011 are highlighted.

## Variety Improvement and Variety Adoption

The BSES-CSIRO conventional sugarcane breeding and selection program uses optimal genetic evaluation systems to select parents, crosses and clones, with the ultimate objective of delivering new, more productive varieties to the Australian sugarcane industry. These varieties will also have adequate disease resistance to endemic diseases and acceptable milling and sugar quality.

Variety introduction (foreign varieties) and variety exchange between regional programs enhance the germplasm used, both for breeding and varietal development. Varieties from this program are protected by Plant Breeder's Rights (PBR). QCANESelect™, a web-based decision support system launched in May 2009, is being widely used to better target varieties to individual blocks as well as develop whole-farm plans to optimise variety performance and minimise risk.

The programs were led by Drs Michael Cox (Variety Improvement) and George Piperidis (Variety Adoption).

### Achievements

- Foreign varieties are an important source of new germplasm for the parent collection used in crossing. Of the 345 field crosses made in 2011, 32% had at least one foreign variety as a parent. The majority of these (28%) involved varieties from USA, followed by Brazil (22%), South Africa and Colombia (13% each).
- Five new varieties were given 'Q' status in 2011 – Q244 (New South Wales), Q245 (southern region), Q246 (central region), Q247 (Burdekin region) and Q248 (southern region). The four Queensland varieties have been approved in all Pest Quarantine Areas (PQAs). Applications for PBR will be submitted by September 2011.
- The following varieties are being maximum propagated by BSES in 2011 for possible release in 2011:
  - > Q183<sup>Ⓛ</sup>, Q242<sup>Ⓛ</sup> and Q243<sup>Ⓛ</sup> in New South Wales.
  - > Q242<sup>Ⓛ</sup> in Herbert region.
  - > Q240<sup>Ⓛ</sup>, Q242<sup>Ⓛ</sup> and QC02-1896 in central region.
  - > QN00-1511 and QN01-1551 in northern coastal region.
- The SmutBuster breeding program is designed to exploit crosses involving high breeding value but smut-susceptible parents and recover smut-resistant clones. The Final Report for this project, partially funded by SRDC was submitted and accepted in June 2011.
- The release of Q208<sup>Ⓛ</sup> and KQ228<sup>Ⓛ</sup> by BSES has contributed greatly to the fight against smut. The rapid adoption of Q208<sup>Ⓛ</sup> since smut increased this year to more than 23% (over 5.95 Mt), up from 18.9% in 2009. KQ228<sup>Ⓛ</sup> continued to increase rapidly and is now the third most popular variety with 13.6% (just over 3.5 Mt) of production.
- In New South Wales, Q203<sup>Ⓛ</sup> became the number one BSES variety, replacing BN81-1394. It accounted for 15.8% of the crop, up from 12.4% in 2009.
- The percentage of smut-susceptible varieties in Queensland has fallen from 67% in 2006 to 29% in 2010 and this is likely to decline to almost zero over the next 3 years as losses from smut are now beginning to escalate in susceptible varieties.
- Plant Breeder's Rights: Part 2 applications for the varieties Q241<sup>Ⓛ</sup>, Q242<sup>Ⓛ</sup> and Q243<sup>Ⓛ</sup> were submitted to the Plant Breeder's Rights Office. A Part 1 application for the variety Q244<sup>Ⓛ</sup> has been 'Accepted' into the PBR scheme. BSES Limited is currently the title holder (or joint title holder with Sucrogen) for 78 varieties, with an additional 3 varieties under provisional protection.
- The BSES developed web-based, decision-support tool branded QCANESelect™ provides up-to-date variety information and specific variety recommendations. It is used by growers, advisory staff and industry groups. On-going promotion and workshops have led to further adoption and usage of QCANESelect™. As expected, the usage trend follows closely to a typical planting and harvesting regime – ie. growers use QCANESelect™ more often during the period leading up to their planting. Variety information was by far the most sought after information, accounting for 61% of the pages viewed. More functionality has been added to this valuable resource and will continue to be added in the future.

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## Molecular Breeding

This program applies plant molecular biology, transgenic technology and plant functional biology strategies to develop varieties that improve productivity, sustainability and competitiveness of the Australian sugarcane industry. It focuses on creating sugarcane with new and commercially important traits. These include i) herbicide tolerance, ii) drought tolerance, and water and nutrient-use efficiency. Developing and implementing advanced sugarcane micropropagation technologies to accelerate variety release and adoption is a major thrust of this program. Evaluation of molecular markers for marker-assisted selection is also a priority area. In addition to conducting commercial and strategic research, the Molecular Breeding program offers training for post-graduate students. This program collaborates with DuPont, CSIRO and the University of Queensland (UQ) with the support from the Australian sugarcane industry and SRDC.

This program is led by Dr Prakash Lakshmanan.

### Achievements

- 1. GM sugarcane**
  - In collaboration with DuPont, BSES is developing herbicide tolerant transgenic sugarcane for the Australian sugarcane industry. Considerable progress has been made in the past year and BSES is currently conducting the initial evaluation of herbicide tolerance of transgenic lines created.
- 2. Commercial use of tissue culture technology**
  - Tissue culture technology is now widely used for propagation of new and high-demand varieties in the Southern region. The demand for tissue culture-propagated material is growing and it has now been introduced in Mackay and Sarina.
- 3. Accelerated release of foreign germplasm**
  - Tissue culture is now used for propagating foreign germplasm coming to BSES as part of the variety exchange program. This will facilitate rapid evaluation of foreign clones for breeding and commercial cultivation.
- 4. Molecular markers**
  - DNA markers explaining significant variation in important traits including CCS and smut resistance have been identified. Currently, the BSES molecular marker research is focusing on how best to apply the markers in the breeding program.
- 5. Drought tolerant and water use-efficient sugarcane**
  - Significant progress has been made in understanding and developing clones that are water-efficient and drought tolerant. A number of test clones showed very low impact on cane yield or CCS under water stress condition, suggesting the potential for improving varieties for drought tolerance and water use efficiency through breeding. The second phase of this project will validate the usefulness of drought tolerance traits identified in the first phase of the research in different sets of germplasm and in different production conditions
- 6. SaveN Cane**
  - A UQ-BSES collaborative project to identify traits that make sugarcane an efficient nitrogen user is underway. This laboratory and field-based project will bring together the skills and expertise of physiologists, breeders and agronomist and will be the first significant research effort to address this important industry issue.

## Biosecurity

Exotic diseases and pests represent a significant threat to the continued security of cane supply for the Australian sugarcane industry. Cooperating with federal and state government departments to prevent entry of these pests and to prepare for possible incursions is a high priority for the BSES Biosecurity program. Working with the Variety Improvement Program to breed disease and pest resistant varieties and conducting quarantine and disease-free seedcane programs to prevent the spread of pests and diseases within Australia are also high priorities.

This program is led by Mr Barry Croft.

### Achievements

- 1. Preparing for possible incursions of exotic pests and diseases**
  - A survey was conducted of the eastern highlands of Papua New Guinea where a serious disease, Downy mildew, was found in garden canes and wild canes at a number of sites in the eastern highlands. This disease is not found in Australia. Research is underway by BSES to develop diagnostic assays for this disease and to clarify what species are present in Papua New Guinea. The serious borer, *Sesamia*, was also found at a number of sites and some parasites of the borers were also collected. The survey showed that these high risk pests are present in the eastern highlands and the samples collected will help staff identify the pests if an incursion occurs.

- Field trials to screen Australian varieties for resistance to *Sesamia* borer, downy mildew and Ramu stunt were planted at Gusap in Papua New Guinea. The trials are progressing well and initial inspections have been conducted. The trials will provide valuable information on the resistance of Australian varieties and will allow BSES staff to learn how to conduct screening trials in case these pests arrive in Australia. A second series of trials will be planted later in 2011 with another group of Australian varieties.
  - BSES conducted training courses for over 50 BSES and Productivity Service company staff in Airlie Beach and Cairns in November and December 2010. The training course covered the identification and control of sugarcane diseases and the latest research on managing diseases. Training field staff in the identification of exotic diseases is critical for early identification of incursions.
- 2. Varieties imported from overseas each year and released after ensuring freedom from exotic pests and diseases**
- The process of importing varieties is a vital component of the BSES-CSIRO breeding program. BSES continued to look for new opportunities for variety exchange. During 2010-2011, 67 foreign varieties were imported and 58 exported to overseas. In 2011, BSES released 24 foreign varieties from quarantine destined for propagation and disease testing using tissue culture in 2011. Thirty-one additional foreign varieties have been released from quarantine and will be distributed in 2011.
- 3. Clones exchanged among regions within Australia each year without spreading pests and diseases**
- A quarantine plot with 1800 SmutBuster clones was planted at a new site at Charters Towers. The planting was delayed by the continual wet weather and was partially flooded by the Burdekin River but the cane has grown well despite the problems. The plot was sampled for diseases and was found disease free and has been released for planting into yield trials in the Burdekin and Mulgrave.
  - BSES quarantined 115 clones from NSW, southern and central regions in glasshouses at Indooroopilly before dispatch to BSES Meringa. No diseases were found in these clones.
- 4. High-yielding smut-resistant varieties available for all major soil types by 2011**
- Xiangming Xu from East Malling Research in the UK visited BSES Bundaberg and Indooroopilly to review the statistical methods used for analysis of disease and pest experiments. This visit was funded by SRDC. Xiangming provided some challenging new ideas that will significantly change the way pest and disease experiments are analysed. These new analysis methods will improve the interpretation end of this research so that better decisions can be made about selection of varieties, efficacy of pesticides and the epidemiology of pests and diseases. The BSES biometricians have commenced implementing these new methods.
  - BSES screened 1800 clones from the routine Variety Improvement Program for resistance to smut. The trials were affected by the extended wet weather and flooding but reasonable ratings were obtained and these have been entered into the BSES SPIDNet database to assist breeders in selecting high-yielding smut-resistant varieties.
  - A DNA assay for quantifying smut in plant tissue was developed by BSES technician, Vicki Barden, as part of her Master's degree. This assay will be used to better understand the mechanisms of resistance to smut.
  - Clones coming through the BSES Variety Improvement Program have been screened for resistance to Fiji leaf gall (925 clones), leaf scald (171 clones), pachymetra root rot (145 clones), mosaic (23 clones) and red rot (31 clones). Damage from cyclone Yasi to glasshouses at Tully prevented one pachymetra resistance screening trial from being planted.
  - BSES and CISRO have been successful in obtaining SRDC funding for a large project to further test the progeny of crosses between wild canes, *Erianthus* and *Saccharum spontaneum*, and commercial sugarcane for yield and resistance to nematodes, pachymetra root rot and smut. *Erianthus* is almost immune to pachymetra root rot and has some resistance to nematodes and some clones of *S. spontaneum* are also resistant to these diseases. It is hoped that this resistance can be introduced into commercial varieties to give a breakthrough in resistance to these serious diseases.

## Improved Cropping Systems

The overall aim of the Improved Cropping Systems program reflects the general role of BSES, ie. to deliver realised value to growers, millers and other customers from targeted research, development and extension. The Program forms part of the QCROPS division.

Many of the activities are undertaken under contract to, or in collaboration / communication with other organisations. These include industry stakeholders involving individual growers or grower-groups; CANEGROWERS, productivity services; millers; harvesting contractors and manufacturers; NCEA; government departments; CSIRO Ecosystems Sciences; various Natural Resource Management groups; and commercial companies.

This program is led by Dr Bernard Schroeder.

## Achievements

- 1. Harvesting Best Practice guidelines updated and workshops conducted**

  - BSES Limited Engineering staff, with the assistance of extension and productivity services staff, have been conducting harvester trials in the Mackay, Burdekin, Ingham and Tully regions over recent harvest seasons. These trials have focused on the cleaning and cane-loss performance of current harvesting technology that includes larger fan diameters and newer fan hub designs. The data gathered provides the basis of updated harvesting best practice information that applies to harvesting operations in all regions. Guidelines for operators to minimise sucrose loss at harvest has been fed back to industry at Harvest Best Practice Workshops held in the off-season. Further updating of information will occur with additional workshops planned.
- 2. Direction set for Improved Cropping Systems involvement in the Cane2Fuel project**

  - BSES reviewed past information about varying growing seasons (from Bundaberg and Burdekin). This review resulted in the establishment of a field trial in the Burdekin to investigate the possibility of increasing biomass production by manipulating the crop cycle (crops harvested more frequently). Three crop cycles were established: 1. Control where the crop is planted in April, harvested 15 months later and then every 12 months; 2. Accelerated crop cycle where the crop is harvested ~ 8 months; 3. Double accelerated crop cycle where the crop is harvested after ~ 8 months over the winter period and ~ 5 months when growing through summer. The early onset of the wet season in late 2010 (associated with a *La Niña* weather event) created extremely wet conditions along the Queensland coast. Despite potential setbacks, all the crop cycle 'treatments' were established in 2010/2011. A similar trial was also planted for the Tully region in the Wet Tropics.
- 3. Integrated on-line nutrient management support system released**

  - BSES and NCEA have developed an on-line nutrient management tool for sugarcane branded 'NutriCalc™'. This is part of the BSES SIX EASY STEPS nutrient management package. It is designed to assist growers and/or their advisors to determine nutrient requirements for particular blocks of cane based on soil test reports. NutriCalc™ also enables appropriate fertilisers to be selected to meet the identified nutrient requirements and to record actual fertiliser inputs for the individual blocks (and subsequently for the whole farm). A facility to record yield data (tc/ha, CCS and ts/ha) allows farm productivity to be reviewed and for on-farm nutrient management strategies to be re-evaluated and revised if necessary. NutriCalc™ has several reporting formats, one of which conforms to the requirements of the Queensland Government's Reef Protection Legislation.

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**4. Greyback and Childers canegrub decision-support package in use**

- Monitoring of canegrubs by BSES entomologists in southern Queensland during autumn has been shown to provide data that allows growers to make timely decisions on canegrub management. Monitoring results in autumn are a good predictor of subsequent grub infestations in summer. The monitoring program has indicated that some populations of Childers canegrub develop more rapidly than others and cause significant damage during their first winter, with implications for management. Considerable interest has been generated in the Bundaberg and Isis districts in such a monitoring program. An SRDC/DEEDI-funded project aims to further embed monitoring and decision-making processes in southern districts. This project is progressing well with a logical framework in place and being used.
- Cane growers' capacity to manage pests was recently boosted by APVMA granting registration for suSCon® Maxi to protect sugarcane crops against southern one-year canegrubs in the southern region. This is a direct result of collaboration between BSES Limited and Nufarm Limited. A new canegrub control product with a different insecticide active was also recently registered for use in sugarcane. Sumitomo Shield® (200 g/L clothianidin) is registered against greyback and Childers canegrubs. BSES, being keen to encourage a range of product actives available for use by the industry, was initially involved in verifying this product was worthy of R&D, and assisted with obtaining efficacy data. Shield® is also registered in bananas, forestry plantations and cotton.
- The grub monitoring continues in far-northern Queensland and preliminary results suggest that grub populations are on the decline due to good investment in insecticides. The use of satellite imaging is being investigated to detect early signs of crop damage due to grubs and other pests and diseases. A BSES project, funded by SRDC and DEEDI, will commence in 2011/2012 to progress this work.

**5. Appropriate varieties defined for use within new farming systems**

- Controlled traffic has been promoted in order to reduce compaction. Controlled traffic can be achieved by widening row spacings from the conventional 1.5 m single-row configuration to a row spacing of 1.8 to 1.9 m. This is the width of current harvesting and haul-out machinery. Now, many growers are producing cane on these wider row spacings. Selection in the crop improvement program mainly occurs on a 1.5 m single-row configuration. The question was therefore asked: does this selection configuration exclude genotypes that are better adapted to wide-row configuration production? Experiments were established at Meringa, Ingham and in the Burdekin to address this issue. The experiments contained either 20 or 48 genotypes grown on three row configurations (1.52 m single-row, 1.85 m single-row and 1.85 m dual-row). These results indicate that variety selection can take place on any row configuration, clones that perform well at a site do so on all row configurations.

**6. RatMonitor developed as a monitoring-support resource**

- In 2010, the Queensland sugarcane industry signed a Memorandum of Understanding with the Department of Environment and Resource Management (DERM) for the management of native pest rodents within sugarcane. BSES Limited developed the Queensland Sugarcane Industry Species Management Plan, which provides the framework for the establishment and maintenance of a comprehensive Integrated Pest Management (IPM) program and outlines the process for the issuance of Damage Mitigation Permits and requirements for reporting. The IPM program includes both rodent monitoring and control baiting, both of which must be reported back to DERM under legislative requirements.

**7. Guidelines for efficacy of herbicides on trash blankets developed**

- Weed management is an important issue affecting productivity and profitability in sugarcane production in Australia. The recent development of an integrated weed management program by BSES Limited has highlighted a range of on-farm activities that can contribute to the effective control of weeds. In particular, it has been identified that weed management in green-cane trash blanketed (GCTB) sugarcane-production systems is an important component of this overall strategy. In two trials, the pre-emergent herbicides that were tested were equally efficient in controlling total weed populations when trash was present and on bare soil. Yields obtained when pre-emergent herbicides were applied on GCTB tended to be higher than the untreated control (no statistical difference). This was in agreement with results from previous trials. A third experiment assessed if incorporating the pre-emergent herbicides just after application or 1 month after application had an effect on their efficacy. Incorporation by irrigation 1 month after application appeared to achieve better control of the weed population (mainly grasses in this trial) than an immediate incorporation after spraying. Pre-emergent herbicides having this ability to remain stable until activated with the first rainfalls when the weed pressure increases represent flexible weed management tools for growers.

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- 8. Integrated weed management package**

    - BSES has commenced initial discussions with NCEA in the development of a web-based integrated weed management resource for growers and extension officers. Desired functionality would include weed identification, recordkeeping, and herbicide selection by weed type.
  
  - 9. In-field sucrose loss system developed**

    - Substantial progress has been made in terms of a project aimed at measurement of in-field sucrose loss by mobile refractometry. Outcomes of this project to date are:
      - > The most suitable and cost effective equipment has been identified.
      - > The highest losses recorded by the system were in excess of 2 t.sugar/ha which is in excess of \$1000/ha.

Feedback to industry on harvester performance in terms of cane loss versus fan-speed will enable operators to minimise losses during this harvest season.
  
  - 10. SIX EASY STEPS nutrient management workbooks and workshops developed**

    - Although the SIX EASY STEPS nutrient management package continues to be rolled-out across the industry, especially in areas affected by the Queensland Government's Reef Legislation, substantial progress has been made in developing SIX EASTY STEPS nutrient management guidelines for the New South Wales industry. The first round of SIX EASY STEPS short courses were conducted at Harwood, Broadwater and Condong.
    - The SIX EASY STEPS Team received the SRDC Research Group Innovation Award for being 'a truly innovative solution to a complex problem that ultimately affects the growers at grass-roots level, as well as the industry in its entirety'.
  
  - 11. Investigate nitrous oxide emissions from best-practice systems**

    - Interim results indicate:
      - > Evidence for leaving soybean residue on the soil surface to reduce N loss.
      - > Annual cumulative methane fluxes were 100-170 kg per hectare.

## Technology Support

The Technology Support program is spread across the Indooroopilly and Meringa research stations and contains industry recognised expertise in near infrared (NIR) technology, cane and sugar quality, chemical analysis and sugar industry analytical methods. The Program's goal is to apply R&D expertise to produce practical, usable outcomes that can be adopted by the Australian sugarcane industry.

Program staff possess expertise in disciplines such as chemistry, biochemistry, food science and chemical engineering, and apply these skills across a broad range of R&D activities, significant levels of fee-for-service work for various external customers, and an advisory and support role for BSES research and extension programs. Technology Support staff typically work in multi-disciplinary activities and projects, with a combination of internal and external stakeholders, research collaborators, commercial partners and customers.

Traditional Technology Support program strengths are in areas such as sugar quality, cane quality, NIR technology, chemometric data treatment, non-sugar products, food chemistry, separation technologies and the development of analytical measurement methods. The multidisciplinary skill set of Program staff is a key strength, and is critical in delivering commercial outcomes from research efforts.

The program is led by Dr Michael O'Shea.

## Achievements

- 1. NIR selection methods evaluated for implementation in the breeding program**

  - Blind validation trial for smut ratings conducted on a set of 300 clones which were also rated using traditional field methods and DNA marker methods. The NIR methods proved capable of playing a role in the early identification of susceptible clones without removing a significant proportion of resistance and intermediate clones. Further work will attempt to progress these methods towards implementation.
  - Similar methods for the prediction of Fiji leaf gall resistance were also progressed and require additional blind validation to assess potential benefits.

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**2. Strategy developed for participation in production of biofuels, speciality chemicals and cogeneration of electricity**

- Considerable external funding has been obtained to pursue biomass utilisation and biorefinery research through the SRDC and the Australian Government Department of Resources, Energy and Tourism.
- Internationally recognised methods for biomass analysis have been adopted at BSES and have been validated internally. These methods have formed the basis of a large NIR effort to produce calibrations for (i) laboratory use to assist with throughput, (ii) SpectraCane use to gain information from plant breeding programs, and (iii) online use to develop prototype biomass analysis systems.
- An analysis of sugarcane diversity with respect to biomass traits is being undertaken using a combination of laboratory and NIR methodology. This analysis will provide the background for plant breeding initiatives to develop optimum breeding strategies for improved biomass producing sugarcane varieties. Work is continuing to determine appropriate economic weightings for selection systems where both fibre (biomass or bioenergy) and sugar traits are desired.
- Preliminary economic models have been developed to examine the impact of changing sugarcane variety traits on the profitability of different sugarcane production systems. These models will continue to be improved as better quality data becomes available.
- BSES has secured the rights to high biomass sugarcane germplasm generated within the Cooperative Research Centre for Sugarcane Industry Innovation through Biotechnology (CRC-SIIB).
- Interactions have been progressed further with a commercial third party and preliminary plans have been developed for a joint program of work within areas of NIR method development (primarily at BSES) and laboratory techniques to evaluate the digestion and fermentation efficiency of sugarcane varieties (primarily with the commercial party).

**3. High quality service provided to factory-installed cane, sugar and bagasse analysis NIR systems and provide support to achieve key commercial targets**

- The Program currently supports a network of 21 instruments spread throughout Australia, Vietnam, Philippines, Fiji and Brazil.
- Progress has been made through multiple trials in Brazil and provides confidence that the first commercial sale of CAS and BAS systems into Brazil will occur during the 2011 crushing season.

## Technology Transfer and Extension

Extension specialists work with researchers and industry stakeholders to facilitate and increase the adoption of R&D by different customers in all regions where sugarcane is produced. Extension specialists have a sound working knowledge of all aspects of sugarcane production and use a variety of channels such as one-on-one contact, grower discussion groups, field days/farm walks, SMS, internet and media (both electronic and printed) to facilitate change in practice for cane growers and other industry clients. Extension is an embedded part of BSES QCANES and QCROPS and ensures that research is packaged appropriately so that outputs are responsive to industry needs and are communicated timely and effectively. Extension specialists also deliver tailored solutions to meet local industry needs as part of district Service Level Agreements.

In the latter part of 2010, extension staff focussed on helping growers cope with the extreme wet conditions. The wet conditions caused failure of plant cane, failure of ratoons harvested under wet conditions and there were many fields that were not harvested resulting in large areas of standover cane. Extension officers provided advice on weed control, fertiliser requirements, standover cane, chlorotic streak disease, varieties and assisted with decisions on whether to keep or plough out blocks. Following the summer floods and cyclones, extension officers also assisted with damage assessments and flood recovery.

Northern extension staff were heavily involved in cyclone assessments following cyclone Yasi and in many cases staff worked under extreme conditions with successive floods, a category 5 cyclones and power loss. The success of the assessments resulted in two thorough reports, one being a preliminary assessment and the other a follow-up assessment of the impact of cyclone Yasi. The follow-up report contained information on crop and CCS losses, harvest and planting material recommendations to name a few.

This program is led by Mr Greg Shannon for northern Queensland (Burdekin north) and Trevor Willcox for southern Queensland (Proserpine south) and New South Wales.

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## Achievements

### 1. Innovative extension delivery models developed to optimise industry-wide adoption of best management practices

- BSES Integrated Weed Management workshops were facilitated by BSES in the Central Region for growers who did not attend last year and needed the three competencies required under Reef Regulations to apply herbicides. An initial IWM workshop was also held at Bundaberg.
- By June 2011 close to 400 growers completed this course from Ingham to Mossman. The workshops were rated as highly successful by growers.
- ChemCert training in the northern regions has continued with BSES trainers based in the Burdekin and Innisfail regions and a Herbert based trainer working through BSES in the Herbert delivers the competencies in the Herbert-Tully regions. The ChemCert course covers the three required competencies and further courses throughout 2010-11 have allowed more growers to refresh their qualifications.
- To hasten the adoption of new farming systems in the Central district BSES has loaned equipment to growers to conduct their own trials. This action learning approach saw the BSES Bed Renovator and Wavy Disc Cultivator used extensively by growers to establish demonstrations. This program has been supported with funding from SRDC, DEEDI and Reef Rescue.
- The Burnett Precision Agriculture Users Group has continued to progress the linking of GPS systems to farm management systems using software such as FarmWorks®. Initially formed by several innovative growers from the Bundaberg and Isis areas, the group is attracting further growers and interest from Maryborough.
- In the Burdekin BSES secured DERM funding with industry support for further Nitrogen rate work to fine tune the BSES recommendations for the district. This project involves the appointment of an agronomist to work with local industry in determining the optimum Nitrogen rate over a variety of soils over a crop cycle.
- In the Burdekin BSES secured funding through DERM and CANEGROWERS to appoint an irrigation extension officer, Kimberley Mallon to work on the RWUE4 project, which involves a series of SIRMOD irrigation analysis.
- Field days and field tours were a feature of BSES communication activities. BSES Field Days attracted 200 growers and industry personnel to the BSES Southern Field Day at Bundaberg and 1800 to the BSES Central Field Day at Mackay. BSES Field Tours attracted 52 growers and industry personnel at Maryborough and 50 at Isis. BSES was also well-represented at other field days such as Bundaberg CANEGROWERS Cane-Trends Working Field Day and the AgriServ Central Field Day at Mackay. In the Herbert, a successful field day was evident with approximately 200 growers attending, while a new industry field day, run by Innisfail CANEGROWERS, was held in Innisfail with BSES breakfast meetings in that region forming part of the day's events.
- Shed meetings and field walks were an integral part of extension activities at all centres. Topics covered a range of information including varieties, weed control, drainage, crop nutrition, canegrubs, chlorotic streak, Pachymetra and other topics. These meetings are well attended reaching approximately 50% of growers in each area.
- BSES worked with AgriServ Central to conduct an analysis of farm productivity data for productivity trends. Other data such as weather and variety yields was also examined. Bus tours were held for industry representatives to view the range of productivity in the Mackay district. Fifty percent of farms had yields between 71 and 90 t cane/ha and 30% had yields between 51 and 70 t cane/ha in 2009. Two grower focus groups and an industry forum were held to obtain views on the possible reasons for the wide variation in yield between farms. While weather and social issues undoubtedly caused a major part of the between year and within district variation respectively, several areas were identified where productivity improvements were believed possible in the short term. These were:
  - > Water management – irrigation and drainage
  - > Weather – modify practices to suit long term forecast
  - > Harvesting
  - > Varieties
  - > Soil health
  - > Social – overcoming constraints by leasing, etc.
  - > Disease/pest control
- Activities were included in the 2011-2012 work plans to address these issues.

- The Six Easy Steps program was extended to New South Wales as part of a Caring for Our Country project. This involved descriptions of soils, formulation of fertiliser recommendations and preparation of soil and course booklets.
- The BSES involvement in the Reef Rescue program continued with staff directly involved with applications for incentive funding and others on assessment panels and advisory committees.
- BSES extension officers assisted with social surveys and focus groups at Mackay and in New South Wales. The surveys explored attitudes and reasons for low productivity and whether there are opportunities for leasing, contracting or share farming to overcome constraints.
- Milestones and achievement criteria set out in the 2010-11 regional service level agreements were met.

## 2. Contracted Service Level Agreement targets met

## Corporate Services

Corporate Services facilitates the transition to quality business practices that support BSES's scientific innovation. The Corporate Services Management Team comprises experts in finance, human resources, safety and risk, IT governance, project management, intellectual property management, commercialisation, business analysis, communications and marketing and administration.

The intention is for BSES to operate in a more commercial manner whilst still maintaining a focus on delivery of outcomes that benefits the Australian sugarcane industry.

This program is led by Ms Sandra Long.

## Objectives

- Ensure the financial and accounting systems create a strong internal control environment and adequate reporting, to aid in decision making, in relation to the financial sustainability of BSES.
- Develop and implement comprehensive Human Resource people strategies to improve business performance, knowledge retention and industry service delivery.
- Have in place a workplace health and safety system that ensures a safe workplace.
- Identify and manage strategic and operational risks throughout BSES.
- Ensure information and communication technology systems, including helpdesk facilities, are secure, stable and responsive and support staff in delivering their outcomes.
- Develop and implement project management systems and processes that enhance delivery of BSES' project activities by reducing risks and improving financial accountability.
- Establish intellectual property and technology transfer management processes that identify, protect and deliver the outcomes of BSES' activities.
- Have in place a records management system that ensures all business transactions are appropriately recorded and accessible.
- Provide library services that support the research needs of BSES staff, and continue to grow our specialist library collection.
- Ensure all marketing and communication material is high quality supporting business objectives.

## Achievements

- Improved level of internal controls and corporate governance for financial transactions including purchasing and contract management.
- Redeveloped intranet site supporting the components of the business.
- Increased focus on staff development and training leading to increased staff engagement.
- Reduced business costs through increased safety performance.
- Reduced environmental impacts across the business.
- Emerging risks and opportunities are identified and appropriate risk treatments put in place to reduce potential impacts.
- Improved intellectual property management processes.

Eoin Wallis

Chief Executive Officer

# Corporate Governance

## The role of the board

The BSES board is responsible for setting the company's strategic direction and monitoring the performance of senior management.

The board's functions include:

- Promoting the good health of the company by embracing appropriate issues of good corporate governance.
- Setting the organisation's strategic direction and goals.
- Reviewing and approving policies, plans, performance targets and budgets.
- Assessing BSES' ongoing performance and strategies and monitoring both the suitability of strategies and the performance of management.
- Overseeing the establishment of, and adherence to, appropriate systems to:
  - > Enable the company's business and financial risks to be identified and managed.
  - > Enable company's assets to be safeguarded.
  - > Enable business to be conducted in compliance with laws and regulations.
  - > Meet ethical and corporate governance standards.

## Composition of the board

The board comprises seven non-executive directors, together with the chief executive who, under the company's constitution, is the managing director. Under the company's constitution, two directors are elected by the grower members, and two directors by the mill-owner members. Three directors, other than the chief executive, are selected by the grower directors and the mill-owner directors. These three must have expertise in an area considered by the grower directors and the mill owner directors as appropriate, including business, commercial, marketing, finance, research, development or extension experience, and not be a mill owner or a grower or a director or employee of a mill owner or a grower, and not be a current director or employee of a sugar-industry representative body. Non-executive directors act as independent officers of the company, rather than representing their own interests or those of their organisations. If a potential conflict of interest does

arise, the director concerned does not receive the relevant board papers and leaves the meeting room while the matter is discussed and any vote is taken.

## The work of the board

Directors receive regular reports from the chief executive and senior management on the company's activities since the last report to directors, including information on strategic initiatives, research and other projects, variety improvement, farming and extension services, financial performance and performance against strategic plan. Matters arising from these reports are discussed at board meetings. The board also reviews strategies that may assist to further promote and develop the company's role in providing services to the sugar industry. Meeting agendas are set by the chairman and the chief executive.

## Remuneration of Directors

At the company's first annual general meeting held on 26 October 2004 members set the remuneration of nonexecutive directors for the time being as an aggregate of \$200,000. Directors are reimbursed travel and related expenses incurred in the course of carrying out their duties. Non-executive directors do not receive retirement benefits other than contributions for the compulsory superannuation levy required under the Superannuation Guarantee Act.

## Board committees

To assist in carrying out its functions, the board has established an Audit, Compliance and Risk Management Committee. The committee has formal terms of reference approved by the board. The current members of the committee are Mr IJ Sharpe (committee chair), Mr IC McBean, and Mr JS Pollock. Under the committee's terms of reference, the company chairman is an ex officio member of the committee. The chief executive, commercial manager, the financial controller, other members of the management team and representatives of the company's auditors attend by invitation.

The committee's role is to assist the board in reviewing systems and controls in place for financial reporting, risk management, and compliance with company policies and with laws and regulations that apply to the company's activities, and in maintaining an effective and efficient audit function. Specific responsibilities include advising the board on the appointment and remuneration of auditors and reviewing, in consultation with management and the auditors, the audit plans and results of audits and actions

proposed arising from them. The committee is a direct link for providing the views of the auditors to the board, if necessary, independently of management influence. The committee also monitors, and advises the board in relation to, all matters necessary to ensure the company adopts and follows sound principles of corporate governance.

The directors established an administration committee on 10 March 2004 for the limited purpose of authorising the execution of a document under the common seal of the company, or otherwise on behalf of the company, where the document brings into effect or implements a decision already taken by the board, or acknowledges a matter agreed at a board meeting; or where the subject matter of the document falls within the scope of the company's Authorities and Delegations policy and has been approved within the scope of that policy. This committee has formal terms of reference approved by the board. A committee consists of any two directors, one of whom must be either the chairman of the company or the managing director.

### Managing risk

In its commitment to managing its exposure to significant business risk, BSES Limited has policies for:

- Financial risk management.
- Risk management.
- Workplace health and safety.

- Equal opportunity, anti-discrimination and freedom from harassment.
- Trade practices.
- Privacy.

### Business conduct

The board has adopted a Code of Conduct requiring directors, management, employees, and contractors to act with integrity and objectivity, and maintain high standards, and ethical behaviour in the execution of their duties. Under the code, all those associated with BSES Limited must act in accordance with the fundamental principles of integrity and diligence, respect for persons and procedural fairness, objectivity, confidentiality, ethical behaviour, and maintenance of professional and personal standards.

### Independent advice

BSES Limited recognises there may be occasions when the board as a whole, or directors as a group or as individuals, believe it to be in their interests and in the interests of the company to seek independent professional advice, on matters such as accounting, taxation or law, at the company's expense. Requests for the provision of such advice are to be directed to the chairman or the company secretary.





# Board of Directors

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## Paul Wright AM

Director (Chairman) since 1 December 2006. Paul has combined banking, health, hospitality and consulting experience in a career that has encompassed over 27 years in senior executive management with a variety of leadership roles. He has held the position of General Manager for Queensland and the Northern Territory of the Medical Benefits Fund of Australia Limited and has provided executive services as General Manager of The Brisbane Club. Paul has been a company director for more than 25 years and has served as Chairman of The Australian Institute of Management, The Royal Flying Doctor Service, and The Queensland Institute of Medical Research (QIMR) Trust, as well as having served as Deputy Chairman of the QIMR Council. He is also currently the Chairman of Phoenix Eagle Company Pty Ltd (a medical biotech company). Additionally he is a director of the Australian Sugar Industry Alliance Ltd and Idec Solutions Pty Ltd (a steel fabrication, design, construction and protective coatings company). In 2006, Paul was appointed a Member of the Order of Australia for his service to medical administration and to business and commerce.

## Ian Davies

Director since 23 October 2007. Ian has over 17 years' experience in the sugar industry in commercial and managerial roles with previous experience in the cotton and finance industries. He is currently Business Improvement Manager for Sucrogen - Cane Products. Ian has experience on industry boards, with four years on the Board of Australian Molasses Trading and has previously been a director of Mourilyan Molasses Terminal Company Pty Ltd.

## Ian McBean

Director since 22 October 2009. Ian is also the Company Secretary with Proserpine Co-operative Sugar Milling Association Limited. Ian has broad expertise in both the growing and milling sectors of the Australian sugarcane industry.

## Ian Sharpe

Director since 23 October 2008. Ian is also a director of Russell Pastoral Company and Independent Chairman of the Executive Committee (in the absence of a board of directors) of Dingo Australia. He is sole director of a private accounting practice in Dalby which he established in 2003. Ian's previous experience includes Regional Manager for Queensland Cotton Corporation, General Manager of Queensland Grain Growers Association and he has held senior positions with the State Wheat Board and Bulk Grains Queensland. He is a fellow of the Australian Society of CPAs and a graduate of the Australian Institute of Company Directors.

## Joe Russo

Director since 25 October 2005. Joe is a third-generation

Isis-district cane grower and Managing Partner of Russo Brothers. He is Chairman of CANEGROWERS Isis Limited, Senior Vice President of Queensland Cane Growers Organisation Limited, and a director of Queensland Farmers Federation, Canegrowers Superannuation Pty Ltd and Canegrowers Financial Services Pty Ltd. Joe has also been a director of BGA AgriServices since 2007. In 2003, Joe was the Australian Institute of Management's (Sunshine Coast Region) Rural Remote Manager of the Year.

## John Pollock

Director since 24 October 2006. John is also a director of, SkyView Solutions Ltd and serves as chair of several government committees. He was an executive director of the Department of Primary Industries and Fisheries and has served as Deputy Commissioner for the Murray-Darling Basin Commission, a Board Member of the Queensland Fisheries Management Authority, and a director of the Sugar Research and Development Corporation. John has wide research, natural resource management, primary industry and corporate management experience.

## Paul Sgarbossa

Director since 23 October 2007. Paul is currently Chairman of Burdekin Productivity Services, and has been involved in a wide range of industry representation, including Inkerman CANEGROWERS, Chairman of Burdekin Canegrub Steering Committee and Chairman of Queensland CANEGROWERS Canegrub Steering Committee. He has served on CANEGROWERS committees and sub committees from 1991-2003 and has served on Productivity Boards since 1989. Paul has been cane farming for over 30 years and received the SRDC 2000 R&D Sugar Industry Service Award.

## Eoin Wallis

Managing director and chief executive officer since 9 April 2003 (director and chief executive of Bureau of Sugar Experiment Stations from 5 March 2001). Prior to this engagement, Eoin led the Sugar Research and Development Corporation as its executive director and was a director of the CRC for Sugar Industry Innovation through Biotechnology until 30 June 2010. He also gained extensive knowledge of BSES from his work as a BSES group manager. His career in agricultural management includes work for the Australian Centre for International Agricultural Research, and the Department of Agriculture at the University of Queensland. Eoin is a Fellow of the Australian Institute of Agricultural Science and Technology and was awarded the industry's R&D Management Award in 2006. He is also a Fellow of the Australian Institute of Company Directors.

## COMPANY SECRETARY

David Munro

# Directors' Report

In conformity with the *Corporations Act 2001*, your directors formally report that:

## The Reporting Period

The financial reports of the company have been prepared for its activities for the period beginning on 1 July 2010 and ending on 30 June 2011 (the Reporting Period). The Directors' Report and the Annual Report also relate to this Reporting Period.

## Short and long term objectives of the company

The short and long term objectives of the Company are set out on pages 1 to 13 of this annual report and these pages form part of this report.

## Strategy for achieving short and long term objectives of the company

The strategy for achieving the short and long term objectives of the Company are set out on pages 1 to 13 of this annual report and these pages form part of this report.

## Principal activities

The company's principal activities during the Reporting Period consisted of research and development and extension activities, serving both the agricultural and milling sections of the Australian sugarcane industry. There have been no significant changes in the nature of those activities during the year. The review of the Company's activities on pages 1 to 13 provide an overview on how the company's activities assist in achieving the entity's objectives.

## Measurement of performance

The manner in which the company measures its performance is set out on pages 1 to 13 of this annual report and these pages form part of this report.

## Information Relating to Directors

The name and particulars of the qualifications and experience of each director of the company and of the company secretary are set out on page 16.

The following table shows the persons who were directors during the financial year ended 30 June 2011 and the attendance of directors at the eight meetings of the board.

PS Wright	8	JS Pollock	8	IJ Sharpe	8
IR Davies	6	JJ Russo	8	ES Wallis	8
IC McBean	6	PM Sgarbossa	8		

The Audit Compliance and Risk Management Committee met on six occasions during the financial year. MR IJ Sharpe, Committee Chair, and Mr J Pollock attended all six meetings and Mr IC McBean attended four meetings.

## Member's Guarantee

The company is a company limited by guarantee. The company has Mill Owner Members and Grower Members who together are referred to as Members. The company's constitution provides that each Member undertakes to contribute to the property of the company, if the company is wound up while they are a Member or within 1 year after they cease to be a Member, for payment of the company's debts and liabilities contacted before they cease to be a Member and of the costs, charges and expenses of winding up and for the adjustment of the rights of contributories amongst themselves, such amount as may be required, but not exceeding \$1. At 30 June 2011, there were 2722 Members (2010: 2724 Members).

## Lead Auditor's Independence Declaration under Section 307C of the *Corporations Act 2001*

The auditor has provided the following Auditor's Independence Declaration to the Members of BSES Limited:

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2011 there have been:

- no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

M L Gray Partner

Brisbane 29 August 2011

## Rounding

BSES Limited is a company of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investment Commission, relating to the 'rounding off' of amounts in the financial report. Unless otherwise shown in this Annual Report, amounts in the financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

This report is signed for and on behalf of the directors in accordance with a resolution of the board of directors.

PS Wright AM  
Chairman

2 September 2011

ES Wallis  
Chief Executive Officer

**BSES Limited**  
**Statement of Comprehensive Income**  
**For the year ended 30 June 2011**

	<i>Notes</i>	<b>2011</b> <b>\$'000</b>	<b>2010</b> <b>\$'000</b>
Revenue	2	23,854	21,895
Research, development and extension expenses		<u>(22,611)</u>	<u>(22,062)</u>
		1,243	(167)
Other income	2	150	398
Administration expenses		(4,685)	(4,251)
Impairment loss	15	<u>(170)</u>	<u>-</u>
<b>Results from operating activities</b>		<u>(3,462)</u>	<u>(4,020)</u>
Financial income	5	<u>1,093</u>	<u>1,113</u>
<b>Net financing income</b>		<u>1,093</u>	<u>1,113</u>
<b>Profit / (loss) before income tax</b>		<u>(2,369)</u>	<u>(2,907)</u>
Income tax (expense) / benefit	3	-	(414)
<b>Profit / (loss) after income tax</b>		<u>(2,369)</u>	<u>(3,321)</u>
<b>Profit / (loss) attributable to members</b>		<u>(2,369)</u>	<u>(3,321)</u>
<b>Other comprehensive income:</b>			
Actuarial gains / (losses) on defined benefit plan	16	402	( 349)
Change in fair value of equity securities available-for-sale recognised in equity.		6	6
<b>Other comprehensive income for the year, net of income tax</b>		<u>408</u>	<u>(343)</u>
<b>Total comprehensive income for the year</b>		<u>(1,961)</u>	<u>(3,664)</u>

*The accompanying notes form part of these financial statements.*

**BSES Limited**  
**Statement of Financial Position**  
**As at 30 June 2011**

	Notes	2011 \$'000	2010 \$'000 (Restated)	2009 \$'000 (Restated)
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	7	4,158	1,728	2,908
Trade and other receivables	8	4,016	3,591	4,411
Financial assets	11	13,439	19,325	20,500
<b>Total current assets</b>		<u>21,613</u>	<u>24,644</u>	<u>27,819</u>
<b>Non-current assets</b>				
Trade and other receivables	8	11	10	5
Intangible assets	9	758	953	128
Property, plant & equipment	10	14,947	15,068	16,608
Financial assets	11	60	55	52
Investment in equity-accounted investees	15	-	170	-
<b>Total non-current assets</b>		<u>15,776</u>	<u>16,256</u>	<u>16,793</u>
<b>TOTAL ASSETS</b>		<u>37,389</u>	<u>40,900</u>	<u>44,612</u>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables	13	1,957	2,098	2,000
Employee benefits	14	1,909	2,082	2,218
<b>Total current liabilities</b>		<u>3,866</u>	<u>4,180</u>	<u>4,218</u>
<b>Non-Current Liabilities</b>				
Trade and other payables	13	-	6	19
Employee benefits	14	2,513	3,743	3,740
<b>Total non-current liabilities</b>		<u>2,513</u>	<u>3,749</u>	<u>3,759</u>
<b>TOTAL LIABILITIES</b>		<u>6,379</u>	<u>7,929</u>	<u>7,977</u>
<b>NET ASSETS</b>		<u>31,010</u>	<u>32,971</u>	<u>36,635</u>
<b>EQUITY</b>				
Retained earnings		30,969	32,936	36,606
Fair value reserve		41	35	29
<b>TOTAL EQUITY</b>		<u>31,010</u>	<u>32,971</u>	<u>36,635</u>

*The accompanying notes form part of these financial statements.*

**BSES Limited**  
**Statement of Changes in Equity**  
**For the year ended 30 June 2011**

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	<i>Retained Earnings</i> \$'000	<i>Fair Value Reserve</i> \$'000	<i>Total</i> \$'000
Balance at 1 July 2009	36,606	29	36,635
Profit / (loss)	( 3,321)	-	( 3,321)
Total other comprehensive income	( 349)	6	( 343)
Total comprehensive income for the year	<u>( 3,670)</u>	<u>6</u>	<u>( 3,664)</u>
Balance at 30 June 2010	32,936	35	32,971
Profit / (loss)	( 2,369)	-	( 2,369)
Total other comprehensive income	402	6	408
Total comprehensive income for the year	<u>( 1,967)</u>	<u>6</u>	<u>( 1,961)</u>
Balance at 30 June 2011	<u>30,969</u>	<u>41</u>	<u>31,010</u>

*The accompanying notes form part of these financial statements.*

**BSES Limited**  
**Statement of Cash Flows**  
**For the year ended 30 June 2011**

	<i>Notes</i>	<b>2011</b> <b>\$'000</b>	<b>2010</b> <b>\$'000</b> (Restated)
<b>Cash flows from operating activities</b>			
Cash receipts from customers		25,257	24,886
Interest received		1,145	1,079
Payments to suppliers and employees		( 28,630)	( 27,277)
Income Tax Paid		-	( 504)
<b>Net cash used in operating activities</b>	<i>19(b)</i>	<u>( 2,228)</u>	<u>( 1,816)</u>
<b>Cash flow from investing activities</b>			
Proceeds from maturing investments		8,503	1,240
Payment for property, plant & equipment		( 1,251)	( 760)
Payment for intangible assets		-	( 173)
Proceeds from sale of property, plant & equipment		23	394
<b>Net cash from investing activities</b>		<u>7,275</u>	<u>701</u>
Net increase / (decrease) in cash and cash equivalents		5,047	( 1,115)
Cash at the beginning of the financial year		9,796	10,911
<b>Cash at the end of the financial year</b>	<i>19(a)</i>	<u><u>14,843</u></u>	<u><u>9,796</u></u>

*The accompanying notes form part of these financial statements.*

# **BSES Limited**

## **Notes to the Financial Statements**

### **For the year ended 30 June 2011**

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#### **Note 1 Significant accounting policies**

BSES Limited (the "Company") is a company domiciled in Australia. The Company is an unlisted public company, limited by guarantee. The financial report was authorised for issue by the directors on 2 September 2011.

##### **(a) Statement of compliance**

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

##### **(b) Basis of preparation**

The financial report is presented in Australian dollars, which is the Company's functional currency.

The financial report is prepared on an accruals basis and is based on historical cost, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 (updated by CO 05/641 effective 28 July 2005) and in accordance with that Class Order, amounts in the financial report and Directors' Report have been rounded off to the nearest thousand dollars, unless otherwise stated.

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of Australian Accounting Standards that have significant effect on the financial report and estimates with a significant risk of material adjustment in the next year are discussed in Note 1(s).

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply.

The accounting policies set out below have been applied consistently to all periods presented in the financial report.

# **BSES Limited**

## **Notes to the Financial Statements**

### **For the year ended 30 June 2011**

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#### **Note 1 Significant accounting policies (continued)**

##### **(c) Foreign currency**

Transactions in foreign currencies are translated to the functional currency of the Company at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the foreign exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between the amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on the retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments.

##### **(d) Investments**

Investments are carried at cost or fair value as indicated, less where applicable, any impairment losses. Investments in associated entities, over which BSES Limited has significant influence, are equity accounted, as required by the adoption of AASB 128. In accordance with this standard, this investment is adjusted by the company's share of profits or losses, reduced by any dividends received from the associated entities.

Fair value of investments is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and options pricing models.

##### **(e) Property, plant and equipment**

Each class of property, plant and equipment is carried at cost or fair value as indicated, less where applicable, accumulated depreciation and impairment losses.

###### **(i) Property**

Freehold land and buildings are shown at their cost, less subsequent depreciation for buildings.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation reserve in equity. Decreases that offset previous increases of the same classes of assets are charged against fair value reserves directly in equity; all other decreases are charged to the Statement of Comprehensive Income.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the re-valued amount of the asset.

Freehold land and buildings that have been contributed at no cost, or for nominal cost are valued at the fair value of the asset at the date it is acquired.

###### **(ii) Plant and equipment**

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Plant and equipment that have been contributed at no cost, or for nominal cost are valued at the fair value of the asset at the date it is acquired.

# BSES Limited

## Notes to the Financial Statements

### For the year ended 30 June 2011

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#### Note 1 Significant accounting policies (continued)

##### (iii) Leased assets

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. The property acquired by way of finance lease is stated at an amount equal to the lower of its fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation (see below) and impairment losses see Note 1(j).

##### (iv) Depreciation

Depreciation is recognised in profit or loss on a straight line basis over the estimated useful lives of each part of an item of property plant and equipment. Commencing from the time the asset is held ready for use; leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful life of the improvement. Land is not depreciated.

The estimated useful lives of each class of depreciable assets are:

• Buildings	20-30 years
• Laboratory equipment	3-14 years
• Plant and machinery	5-18 years
• Motor vehicles	5-7 years
• Office furniture & equipment	3-10 years
• Information technology equipment	3-7 years

Depreciation methods, useful lives and residual values are reassessed and adjusted if appropriate at the reporting date.

Asset classes carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal are determined by comparing proceeds with the carrying value. These gains or losses are included in the Statement of Comprehensive Income. Gains or losses on disposal of assets are not recognised until date of cash settlement.

##### (f) Financial instruments

###### Recognition and initial measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the company becomes a party to the contractual provisions of the instrument.

Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transaction costs where the instrument is not classified at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

###### De-recognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed is recognised in profit or loss.

# **BSES Limited**

## **Notes to the Financial Statements**

### **For the year ended 30 June 2011**

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#### **Note 1 Significant accounting policies (continued)**

##### **Impairment**

At each reporting date, the company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the Statement of Comprehensive Income.

##### **Classification and subsequent measurements**

###### **(i) Financial assets at fair value through profit or loss**

Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of shorter term profit taking, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.

###### **(ii) Receivables**

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.

###### **(iii) Held-to-maturity investments**

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the entity's intention to hold these investments to maturity.

###### **(iv) Available-for-sale financial assets**

Available-for-sale financial assets are non-derivative financial assets that are either designated as such or that are not classified in any of the other categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

###### **(v) Financial liabilities**

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

###### **(g) Trade and other receivables**

Trade and other receivables are stated at their cost less impairment losses, see Note 1(j).

###### **(h) Intangible assets**

###### **(i) Intangible assets**

Intangible assets that are acquired by the company and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

###### **(ii) Subsequent expenditure**

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in the profit or loss as incurred.

# BSES Limited

## Notes to the Financial Statements

### For the year ended 30 June 2011

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#### Note 1 Significant accounting policies (continued)

##### (iii) Amortisation

Amortisation is based on the cost of an asset less its residual value. Amortisation is recognised in the profit or loss on a straight-line bases over the estimated useful lives of intangible assets from the date that they are available for use. The estimated useful lives for the current and comparative years are as follows:

- Software 5 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

##### (i) Cash and cash equivalents

Cash and cash equivalents comprises cash balances and at call deposits with original maturities of three months or less.

##### (j) Impairment of assets

At each reporting date, the company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Statement of Comprehensive Income.

Where the future economic benefits of the asset are not primarily dependent upon the assets ability to generate net cash inflows and when the company would, if deprived of the asset, replace its remaining future economic benefits, value in use is depreciated replacement cost of an asset.

Where it is not possible to estimate the recoverable amount of an assets class, the company estimates the recoverable amount of the cash-generating unit to which the class of assets belong.

##### (k) Employee benefits

###### (i) Defined contribution superannuation funds

Obligations for contributions to defined contribution superannuation funds are recognised as an expense in profit or loss when they are due.

###### (ii) Defined benefit superannuation funds

The Company's net obligation in respect of defined benefit superannuation funds is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any fund assets is deducted.

The discount rate is the yield at the Statement of Financial Position date on government bonds that have maturity dates approximating to the terms of the Company's obligations. The calculation is performed by a qualified actuary using the projected unit credit method.

When the benefits of a fund are improved, the portion of the increased benefit relating to past service by employees is recognised as an expense in the Statement of Comprehensive Income on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in the Statement of Comprehensive Income.

The Company has elected to recognise actuarial gains and losses directly to retained earnings.

Past service cost is the increase in the present value of the defined benefit obligation for employee services in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits. Past service costs may either be positive (where benefits are introduced or improved) or negative (where existing benefits are reduced).

# **BSES Limited**

## **Notes to the Financial Statements**

### **For the year ended 30 June 2011**

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#### **Note 1 Significant accounting policies (continued)**

##### **(iii) Long-term service benefits**

The Company's net obligation in respect of long-term service benefits, other than superannuation funds, is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates, and is discounted using the rates attached to the Commonwealth Government bonds at the Statement of Financial Position date which have maturity dates approximating to the terms of the Company's obligations.

##### **(iv) Short-term benefits**

Liabilities for employee benefits for wages, salaries and annual leave represent present obligations resulting from employees' services provided to reporting date and are calculated at undiscounted amounts based on remuneration wage and salary rates that the Company expects to pay as at reporting date including related on-costs, such as workers compensation insurance and payroll tax. Non-accumulating non-monetary benefits, such as medical care, housing, cars and free or subsidised goods and services, are expensed based on the net marginal cost to the Company as the benefits are taken by the employees.

A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

#### **(l) Provisions**

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

#### **(m) Trade and other payables**

Trade and other payables are stated at cost.

#### **(n) Revenue**

##### **(i) Goods sold and services rendered**

Revenue from the sale of goods is recognised in the Statement of Comprehensive Income when the significant risks and rewards of ownership have been transferred to the buyer. Revenue from services rendered is recognised in profit or loss in proportion to the stage of completion of the transaction at reporting date. The stage of completion is assessed by reference to the relevant project manager's assessment of progress against agreed milestones. No revenue is recognised if there are significant uncertainties regarding the recovery of the consideration due, if the costs incurred or to be incurred cannot be measured reliably, if there is a risk of return of goods, or if there is continuing management involvement with the goods.

##### **(ii) Grants**

Grants that compensate the Company for expenses incurred are recognised as revenue in the Statement of Comprehensive Income on a systematic basis in the same periods in which the expenses are recognised.

Grants of assets, or that compensate the Company for the cost of an asset, are recognised in the Statement of Comprehensive Income when the Company obtains control of the contribution or the right to receive the contribution; it is probable that the economic benefits comprising the contribution will flow to the Company; and the amount of the contribution can be recognised reliably.

# **BSES Limited**

## **Notes to the Financial Statements**

### **For the year ended 30 June 2011**

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#### **Note 1 Significant accounting policies (continued)**

##### **(o) Financial income and expenses**

Financial income comprises interest income on funds invested, dividend income, gains on the disposal of available-for-sale financial assets, changes in the fair value of financial assets at fair value through profit or loss, foreign currency gains, and gains on hedging instruments that are recognised in profit or loss. Interest income is recognised as it accrues, using the effective interest method. Dividend income is recognised on the date that the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Financial expenses comprise foreign currency losses, changes in the fair value of financial assets at fair value through profit or loss, impairment losses recognised on financial assets, and losses on hedging instruments that are recognised in profit or loss.

##### **(p) Expenses**

###### **(i) Operating lease payments**

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense and spread over the lease term.

###### **(ii) Finance lease payments**

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

##### **(q) Income tax**

The income tax expense (revenue) for the year comprises current income tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

# **BSES Limited**

## **Notes to the Financial Statements**

### **For the year ended 30 June 2011**

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#### **Note 1 Significant accounting policies (continued)**

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-offs exists, the deferred tax assets and liabilities relate to income tax levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

#### **(r) Goods and services tax**

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

#### **(s) Critical accounting estimates and judgements**

Management discussed with the Audit, Compliance and Risk Management Committee the development, selection and disclosure of the Company's critical accounting policies and estimates and the application of these policies and estimates. Instances when accounting estimates and judgements were used are outlined below:

- (i) Actuarial assumptions: The Company accepted the actuarial assumptions in the determination of its net asset or liability related to the defined benefit superannuation fund as set out in Note 16.
- (ii) Long service leave provisions: Estimates and judgements used to determine the likelihood of staff qualifying for long service leave in future accounting periods are based on historical trends within the Company. Historical data was used to determine when existing entitlements would be taken, and redundancies were excluded.
- (iii) Work in progress and revenue received in advance: Assessment is based on review of individual projects, refer Note 1(n)(i).

**BSES Limited**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2011**

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**Note 1 Significant accounting policies (continued)**

**(t) New standards and interpretations not yet adopted**

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2010, and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the consolidated financial statements of the company, except for :

- (i) AASB 9 Financial Instruments, which becomes mandatory for the Company's 2014 consolidated financial statements and could change the classification and measurement of financial assets.
- (ii) AASB 119 Employee Benefits, which becomes mandatory for the Company's 2014 financial statements. The amendments are expected to have an impact on the company. The company has not yet determined the impact of adopting these changes.

BSES Limited does not plan to adopt these standards early.

**Note 2 Revenue**

	<b>2011</b> <b>\$'000</b>	<b>2010</b> <b>\$'000</b>
<b>(a) Fees and service charges</b>	14,443	13,027
Research grants		
Department of Employment, Economic Development & Innovation (Queensland Primary Industries & Fisheries)	2,850	3,850
Other parties (including SRDC, CRCSIIB, NR&W)	5,518	3,484
Other revenue	1,043	1,534
	<u>23,854</u>	<u>21,895</u>
 <b>(b) Other income</b>		
Miscellaneous income	150	398
	<u>150</u>	<u>398</u>

**BSES Limited**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2011**

**Note 3 Income tax**

	<i>Notes</i>	<b>2011</b> <b>\$'000</b>	<b>2010</b> <b>\$'000</b>
<b>(a) The components of tax expense comprise:</b>			
Current tax expense/(benefit)			
Current year		-	-
Adjustments for prior years		-	414
		<u>-</u>	<u>414</u>
<b>Deferred tax expense/(benefit)</b>			
Origination and reversal of temporary differences			
		-	-
Recognition of previously unrecognised tax losses			
		-	-
		<u>-</u>	<u>-</u>
Total income tax expense/(benefit)		<u>-</u>	<u>414</u>
<b>(b) Numerical reconciliation of income tax expense/(benefit) to pre-tax net profit</b>			
Profit/ (loss) for the year		<u>(2,369)</u>	<u>(2,907)</u>
Income tax using the corporate tax rate of 30% (2010: 30%)		(711)	(872)
Increase in income tax expense due to:			
Non-deductible expenses		11	12
Benefit of losses and deferred tax balances not brought to account		700	860
Tax losses utilised		-	-
Under/(over) provided in prior years		-	414
Income tax expense/(benefit)		<u>-</u>	<u>414</u>

**Note 4**

	<i>Notes</i>	<b>2011</b> <b>\$'000</b>	<b>2010</b> <b>\$'000</b>
<b>(a) Personnel expenses</b>			
Wages, salaries and oncosts			
		13,920	13,936
Superannuation contributions - accumulation members			
		1,115	1,007
Defined benefit plan expenses	<i>16(d)</i>	422	442
		<u>15,457</u>	<u>15,385</u>
<b>(b) Other expenses</b>			
Doubtful debts expense			
		14	19
Net (gain) / loss on disposal of non-current assets			
		(12)	(252)

**BSES Limited**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2011**

**Note 5 Net financing income**

Interest income - External	1,093	1,113
	<u>1,093</u>	<u>1,113</u>

**Note 6 Auditors' remuneration**

Audit of financial reports		
Grant Thornton	29	47
KPMG	16	-
	<u>45</u>	<u>47</u>

**Note 7 Cash and cash equivalents**

Cash on hand	3	3
Imprest bank accounts	11	11
Cash at bank	2,387	320
Deposits at call	1,757	1,394
	<u>4,158</u>	<u>1,728</u>

Cash held in term deposits is disclosed in Note 11 Financial assets.

**Note 8 Trade and other receivables**

	<i>Notes</i>	<b>2011</b> <b>\$'000</b>	<b>2010</b> <b>\$'000</b> (Restated)
<b>Trade and other receivables</b>			
<i>Current:</i>			
Trade receivables		2,090	1,660
Provision for impairment of trade receivables	8(a)	-	(37)
		<u>2,090</u>	<u>1,623</u>
Prepayments		231	283
Work in progress		440	316
Accrued income		1,255	1,381
Other receivables		-	(12)
		<u>4,016</u>	<u>3,591</u>
<i>Non-Current:</i>			
Other receivables		<u>11</u>	<u>10</u>

# BSES Limited

## Notes to the Financial Statements

### For the year ended 30 June 2011

#### Note 8 Trade and other receivables (continued)

##### (a) Provision for impairment of receivables

Current trade receivables are generally on 30 day terms. These receivables are assessed for recoverability and a provision for impairment is recognised when there is objective evidence that an individual trade receivable is impaired. These amounts have been included in other expense items.

Movement in the provision for impairment of receivables is as follows:

	Opening balance \$'000	Charge for the year \$'000	Amounts written off \$'000	Closing balance \$'000
Provision for impairment of trade receivables	70	33	66	37
Balance as at 30 June 2010	70	33	66	37
Provision for impairment of trade receivables	37	14	51	-
Balance as at 30 June 2011	37	14	51	-

#### Note 9 Intangible assets

	2011 \$'000	2010 \$'000 (Restated)
Intangible assets - software at cost	971	971
Less: Accumulated amortisation	(213)	(18)
Total intangible assets	758	953

#### Cost

##### Investment in software

Opening balance	971	130
Additions	-	841
Disposals	-	-
Closing balance	971	971

#### Accumulated amortisation

##### Investment in software

Opening balance	(18)	(2)
Amortisation expense	(195)	(16)
Disposals	-	-
Closing balance	(213)	(18)

#### Carrying Amount Investment in software

758	953
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**BSES Limited**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2011**

Note 10 Property, plant & equipment	<i>Notes</i>	2011 \$'000	2010 \$'000 (Restated)
Land - at cost		7,861	7,861
Buildings - at cost		7,984	7,925
Less: Accumulated depreciation		<u>(3,354)</u>	<u>(2,943)</u>
		<u>4,630</u>	<u>4,982</u>
Plant and machinery - at cost		3,710	3,510
Less: Accumulated depreciation		<u>(2,641)</u>	<u>(2,563)</u>
		<u>1,069</u>	<u>947</u>
Laboratory equipment - at cost		3,433	3,789
Less: Accumulated depreciation		<u>(2,588)</u>	<u>(2,963)</u>
		<u>845</u>	<u>826</u>
Motor vehicles - at cost		474	417
Less: Accumulated depreciation		<u>(394)</u>	<u>(395)</u>
		<u>80</u>	<u>22</u>
Office furniture and equipment - at cost		310	431
Less: Accumulated depreciation		<u>(219)</u>	<u>(352)</u>
		<u>91</u>	<u>79</u>
Information technology equipment - at cost		1,602	2,763
Less: Accumulated depreciation		<u>(1,231)</u>	<u>(2,412)</u>
		<u>371</u>	<u>351</u>
Total property, plant and equipment		<u><u>14,947</u></u>	<u><u>15,068</u></u>

**BSES Limited**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2011**

**Note 10 Property, plant & equipment (continued)**

<b>COST</b>	<b>Balance as at 1 July 2009 \$'000</b>	<b>Additions \$'000</b>	<b>Disposals \$'000</b>	<b>Balance as at 30 June 2010 \$'000</b>
Land	7,911	-	(50)	7,861
Buildings	7,961	123	(159)	7,925
Plant & machinery	3,558	139	(187)	3,510
Laboratory equipment	3,843	109	(163)	3,789
Motor vehicles	418	-	(1)	417
Office furniture & equipment	412	36	(17)	431
Information technology equipment	2,581	227	(45)	2,763
<b>Total</b>	<b>26,684</b>	<b>634</b>	<b>(622)</b>	<b>26,696</b>

<b>Accumulated depreciation and impairment losses</b>	<b>Balance as at 1 July 2009 \$'000</b>	<b>Depreciation expense \$'000</b>	<b>Disposals \$'000</b>	<b>Balance as at 30 June 2010 \$'000</b>
Land	-	-	-	-
Buildings	(2,596)	(420)	73	(2,943)
Plant & machinery	(2,456)	(296)	189	(2,563)
Laboratory equipment	(2,754)	(370)	161	(2,963)
Motor vehicles	(360)	(35)	-	(395)
Office furniture & equipment	(315)	(56)	19	(352)
Information technology equipment	(2,362)	(225)	175	(2,412)
<b>Total</b>	<b>(10,843)</b>	<b>(1,402)</b>	<b>617</b>	<b>(11,628)</b>

<b>Carrying Amount</b>	<b>Balance as at 1 July 2009 \$'000</b>	<b>Balance as at 30 June 2010 \$'000</b>
Land	7,911	7,861
Buildings	5,365	4,982
Plant & machinery	1,102	947
Laboratory equipment	1,089	826
Motor vehicles	58	22
Office furniture & equipment	97	79
Information technology equipment	219	351
<b>Total</b>	<b>15,841</b>	<b>15,068</b>

**BSES Limited**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2011**

**Note 10 Property, plant & equipment (continued)**

<b>COST</b>	<b>Balance as at 1 July 2010 \$'000</b>	<b>Additions \$'000</b>	<b>Disposals \$'000</b>	<b>Balance as at 30 June 2011 \$'000</b>
Land	7,861	-	-	7,861
Buildings	7,925	72	(13)	7,984
Plant & machinery	3,510	430	(230)	3,710
Laboratory equipment	3,789	364	(720)	3,433
Motor vehicles	417	80	(23)	474
Office furniture & equipment	431	63	(184)	310
Information technology equipment	2,763	243	(1,404)	1,602
<b>Total</b>	<b>26,696</b>	<b>1,252</b>	<b>(2,574)</b>	<b>25,374</b>

<b>Accumulated depreciation and impairment losses</b>	<b>Balance as at 1 July 2010 \$'000</b>	<b>Depreciation expense \$'000</b>	<b>Disposals \$'000</b>	<b>Balance as at 30 June 2011 \$'000</b>
Land	-	-	-	-
Buildings	(2,943)	(422)	11	(3,354)
Plant & machinery	(2,563)	(301)	223	(2,641)
Laboratory equipment	(2,963)	(342)	717	(2,588)
Motor vehicles	(395)	(22)	23	(394)
Office furniture & equipment	(352)	(51)	184	(219)
Information technology equipment	(2,412)	(223)	1,404	(1,231)
<b>Total</b>	<b>(11,628)</b>	<b>(1,361)</b>	<b>2,562</b>	<b>(10,427)</b>

<b>Carrying Amount</b>	<b>Balance as at 1 July 2010 \$'000</b>	<b>Balance as at 30 June 2011 \$'000</b>
Land	7,861	7,861
Buildings	4,982	4,630
Plant & machinery	947	1,069
Laboratory equipment	826	845
Motor vehicles	22	80
Office furniture & equipment	79	91
Information technology equipment	351	371
<b>Total</b>	<b>15,068</b>	<b>14,947</b>

**BSES Limited**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2011**

<b>Note 11 Financial assets</b>	<b>2011</b>	<b>2010</b>
	<b>\$'000</b>	<b>\$'000</b>
Current		
Held to maturity term deposits are disclosed as follows in the Statement of Cash Flows:		
Cash and cash equivalents	10,685	8,068
Investments	2,754	11,257
Held-to-maturity term deposits	<u>13,439</u>	<u>19,325</u>
Held to maturity term deposits at the following financial institutions (rounded to the nearest dollar)		
National Australia Bank	4,266,813	5,035,106
Westpac Banking Corporation	2,115,123	5,067,172
Australian and New Zealand Banking Group	3,907,568	3,122,620
Bank of Western Australia	3,149,269	6,100,193
	<u>\$ 13,438,773</u>	<u>\$ 19,325,091</u>
Non-Current		
Equity instruments, available-for-sale		
Shares in listed corporations, at fair value	<u>60</u>	<u>55</u>

Available-for-sale financial assets comprise of investments in the ordinary issued capital of various entities. There are no fixed returns or fixed maturity dates attached to these investments.

<b>Note 12 Deferred tax assets and liabilities</b>	<b>2011</b>	<b>2010</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Unrecognised deferred tax assets</b>		
Deferred tax assets have not been recognised in respect of the following items:		
Assessable temporary differences	(373)	1,782
Tax & capital losses	2,708	770
	<u>2,335</u>	<u>2,552</u>

The deductible temporary differences and tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that the future taxable profit will be available against which the company can utilise the benefits.

**BSES Limited**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2011**

**Note 13 Trade and other payables**

	<b>2011</b>	<b>2010</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Trade and other payables</b>		
<i>Current:</i>		
Trade payables	1,238	749
Other payables	109	5
Accrued expenses	549	479
Income in advance	61	865
	<u>1,957</u>	<u>2,098</u>
<i>Non-Current:</i>		
Income in advance	<u>-</u>	<u>6</u>

**Note 14 Employee benefits**

	<b>Notes</b>	<b>2011</b>	<b>2010</b>
		<b>\$'000</b>	<b>\$'000</b>
<b>Provisions</b>			
<i>Current</i>			
Salaries and wages accrued		243	601
Liability for annual leave		1,216	1,191
Liability for long-service leave		450	290
		<u>1,909</u>	<u>2,082</u>
<i>Non-current</i>			
Liability for long-service leave		1,407	1,891
Defined benefit plan deficit	16(l)	1,106	1,852
		<u>2,513</u>	<u>3,743</u>

**Note 15 Investment in equity-accounted investees**

Interests are held in the following equity-accounted investee		<b>2011</b>	<b>2010</b>
Name	Share	Ownership Interest	
Sacron Innovations Pty Ltd	Ord	21.29%	21.29%

Sacron Innovations Pty Ltd was incorporated to take up the residual assets from CRCSIIB which was wound up on 30 June 2010. BSES Ltd's share of CRCSIIB on the date of the windup was 21.29%. The investment in Sacron Innovations Pty Ltd has been equity accounted.

Carrying amount of investments in equity-accounted investee	<u>-</u>	<u>170</u>
Carrying amount at beginning of reporting period	170	-
Additions	-	170
Impairment	(170)	-
Carrying amount at end of reporting period	<u>-</u>	<u>170</u>

An impairment loss of \$170 thousand for Sacron Innovations Pty Ltd was recognised during the current year because BSES management believe there is a risk with regard to whether Sacron Innovations Pty Ltd may continue as a going concern.

# BSES Limited

## Notes to the Financial Statements

### For the year ended 30 June 2011

#### Note 16 Superannuation

BSES Limited is the sponsor of the BSES Limited Superannuation Plan. Due to the projection results of the Plan, BSES Limited recommenced contributions at the rate of 28% of salaries from 1 July 2009 and then 23% of salaries from 1 January 2010. Contributions for the accumulation members were paid throughout the 2011 year.

Defined benefit members receive lump sum benefits on retirement, death, total permanent disablement and withdrawal. The defined benefit section of the plan is closed to new members.

The last actuarial assessment of the fund was made during the year ended 30 June 2008 and is detailed in note 16(n). The next required actuarial assessment will be during the year ending 30 June 2012, with its recommendations adopted during that year.

	<b>Notes</b>	<b>2011 \$'000</b>	<b>2010 \$'000</b>
<b>(a) The amounts recognised in the Statement of Financial Position sheet are as follows:</b>			
Present value of funded defined benefit obligations at end of year	16(b)	14,154	14,568
less Fair value of Plan assets at end of year	16(c)	13,048	12,716
		<u>1,106</u>	<u>1,852</u>
Unrecognised past service cost		-	-
Unrecognised gain/(loss)		-	-
Adjustment for limitation on net asset		-	-
<b>Net liability/(asset) recognised in Statement of Financial Position at year end</b>	<b>14</b>	<b><u>1,106</u></b>	<b><u>1,852</u></b>
<b>(b) Reconciliation of the present value of the defined benefit obligation:</b>			
Present value of defined benefit obligations <sup>1</sup> at beginning of the year		14,568	13,050
Current service cost		578	528
Interest cost		579	573
Contributions by plan participants		174	163
Actuarial (gains)/losses		(219)	407
Benefits and taxes paid		<u>(1,526)</u>	<u>(153)</u>
<b>Present value of defined benefit obligations<sup>1</sup> at end of the year</b>		<b><u>14,154</u></b>	<b><u>14,568</u></b>

<sup>1</sup> Includes contributions tax provision on plan surplus or deficit

**BSES Limited**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2011**

Note 16 Superannuation (continued)	2011 \$'000	2010 \$'000
<b>(c) Reconciliation of movement in the fair value of plan assets is as follows:</b>		
Fair value of plan assets at beginning of the year	12,716	11,141
Expected return on plan assets	735	659
Actuarial gains/(losses)	183	58
Employer contributions	766	848
Contributions by plan participants	174	163
Benefits and taxes paid	(1,526)	(153)
<b>Fair value of plan assets at end of the year</b>	<u>13,048</u>	<u>12,716</u>
<b>(d) The amounts recognised in the Statement of Comprehensive Income are as follows<sup>1</sup>:</b>		
Current service cost <sup>2</sup>	578	528
Interest cost	579	573
Expected return on plan assets (net expenses)	(735)	(659)
<b>Expense/(income) recognised</b>	<u>422</u>	<u>442</u>
<sup>1</sup> Forming part of the personnel expenses, refer Note 4.		
<sup>2</sup> Includes expected change in provision for contributions tax on plan surplus or deficit.		
<b>(e) Amounts recognised in the Statement of Comprehensive Income:</b>		
Actuarial gains/(losses)	402	(349)
Adjustment for limit on net asset	-	-
<b>(f) Cumulative amount recognised in the Statement of Comprehensive Income</b>		
Cumulative amount of actuarial gains/(losses)	(2,672)	(3,074)
<b>(g) Plan assets</b>		
The percentage invested in each asset class at year end date:		
Australian equities	28%	29%
Overseas equities	26%	25%
Fixed interest securities	13%	13%
Alternatives	21%	23%
Property	8%	7%
Cash	4%	3%
	<u>100%</u>	<u>100%</u>

**(h) Fair value of plan assets**

The fair value of plan assets includes no amounts relating to:

- > any of the Company's own financial instruments
- > any property occupied by, or other assets used by, the Company.

**(i) Expected rate of return on assets**

The expected return on assets assumption is determined by weighting the expected long-term return for each asset class by the target allocation of assets to each class. The returns used for each class are net of investment tax, investment fees and administration fees.

**BSES Limited**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2011**

Note 16 Superannuation (continued)	2011 \$'000	2010 \$'000
<b>(j) Actual return on plan assets</b>		
Actual return on plan assets	<u>918</u>	<u>717</u>
<b>(k) Principal actuarial assumptions at the year end date</b>		
Discount rate	4.40% pa	4.30% pa
Salary increase rate 1 <sup>st</sup> year	4.50% pa	6.25% pa
Salary increase rate 2 <sup>nd</sup> year	4.50% pa	4.50% pa
Salary increase rate 3 <sup>rd</sup> year	4.00% pa	4.50% pa
Salary increase rate thereafter	4.00% pa	4.00% pa
Expected rate of return on assets*	6.00% pa	6.00% pa

\* Net of investment tax and expenses and administration expenses

(l) Historical information	2011 \$'000	2010 \$'000	2009 \$'000	2008 \$'000
Present value of defined benefit obligation at year end	14,154	14,568	13,050	14,197
Fair value of plan assets at year end	(13,048)	(12,716)	(11,141)	(15,278)
(Surplus)/deficit in plan	<u>1,106</u>	<u>1,852</u>	<u>1,909</u>	<u>(1,081)</u>
Experience (gains)/losses adjustments – plan liabilities	16(b) (219)	407	27	(245)
Experience (gains)/losses adjustments – plan assets	16(c) (183)	(58)	2,642	2,178

(m) Expected contributions	2011 \$'000	2010 \$'000
Expected employer contributions	<u>766</u>	<u>848</u>

**(n) Employer contributions**

(i) Surplus/deficit

Employer contributions to the defined benefit section of the Plan are based on recommendations by the Plan's actuary. Actuarial assessments are made at no more than three yearly intervals and the last such assessment was made during the year ended 30 June 2008.

The following is a summary of the most recent financial position of the BSES Limited Superannuation Plan (with respect to both defined benefit and accumulation members) calculated by the actuary in accordance with AAS 25 "Financial Reporting by Superannuation Plans":

	Last reporting date	\$'000
Net market value of plan assets	30/06/2008	20,911
Accrued benefits	30/06/2008	(22,058)
Net surplus/(deficit)	30/06/2008	<u>(1,147)</u>

(ii) Contribution recommendations

BSES Limited is the sponsor of the BSES Limited Superannuation Plan. The last actuarial valuation of the plan was conducted during the year ended 30 June 2008. For a number of years, due to investment returns, BSES Limited has been on a contribution holiday. With the economic downturn, the contribution holiday has ended and on the actuary's recommendation a contribution rate of 28% of salaries was required from 1 July 2009 to remove any shortfall. This rate has been revised downwards to 23% as from 1 January 2010.

# BSES Limited

## Notes to the Financial Statements

### For the year ended 30 June 2011

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#### Note 16 Superannuation (continued)

##### (iii) Funding method

The objective of funding is to ensure that the benefit entitlements of members and other beneficiaries are fully funded by the time they become payable. To achieve this objective, the actuary has adopted a method of funding benefits known as the aggregate method.

Under the aggregate method, the future contribution rates are determined, and are expected to be sufficient to fund the difference between the value of future benefits for existing defined benefit members and the value of plan assets attributable to defined benefit members, over the future working lifetime of the existing defined benefit members.

An aggregate financing method can be expected to produce a higher level of volatility in recommended employer contribution rates, particularly as the defined benefit membership ages and reduces in size. Variations between actual and expected experience have a greater financial effect on future employer contribution rates as the future working lifetime of the existing defined benefit members reduces.

##### (iv) Economic assumptions

The economic assumptions used by the actuary for the last review conducted in 2008, to make the funding recommendations were an expected rate of return on plan assets of negative (13%) per annum for the first year and 7.0% per annum thereafter with a salary increase of 5.0% per annum.

##### (v) Nature of asset/liability

The Plan agreement states that if the Plan winds up, after the payment of all costs, the remaining assets are to be distributed by the Trustee of the Plan, acting on the advice of the actuary, to the members.

BSES Limited may at any time by notice to the Trustee terminate its participation in the Plan. BSES Limited has a liability to pay any contributions in arrears at the termination date, but there is no requirement for BSES Limited to pay any further contributions, irrespective of the financial condition of the plan.

BSES Limited may benefit from any surplus in the Plan in the form of a contribution reduction or contribution holiday. Any reduction in contributions would normally be implemented only after advice from the Plan's actuary.

# **BSES Limited**

## **Notes to the Financial Statements**

### **For the year ended 30 June 2011**

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#### **Note 17 Retained earnings and reserves**

BSES Limited is a company limited by guarantee, as such, it does not have share capital.

The fair value reserve includes the cumulative net change in the fair value of available-for-sale financial instruments until the investment is derecognised.

BSES's capital consists of financial assets and retained earnings.

#### **Capital management**

Management controls BSES' capital to ensure that adequate cash flows are generated to fund its research programs and that returns from investments are maximised in accordance with policies approved by the Board of directors. Risk management policies are approved and reviewed by the Board on a regular basis. These include credit risk policies and future cash flow requirements.

Management effectively manage BSES' capital by assessing its financial risk and responding to changes in these risks and in the market.

#### **Note 18 Contingent assets / liabilities**

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

In the event of BSES being wound up, each of its initial members (numbering 2,206) has undertaken to contribute an amount not exceeding \$1.00, if required. Any surplus being given back to these members based on a pre-determined format.

**BSES Limited**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2011**

**Note 19 Reconciliation for cash flows from operating activities**

**(a) Reconciliation of cash**

For the purposes of the Statement of Cash Flows, cash includes cash on hand and at bank and short term deposits at call. Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

		<b>2011</b> <b>\$'000</b>	<b>2010</b> <b>\$'000</b> (Restated)
Cash assets	7	4,158	1,728
Financial assets: Held-to-maturity term deposits	11	10,685	8,068
		<u>14,843</u>	<u>9,796</u>

		<b>2011</b> <b>\$'000</b>	<b>2010</b> <b>\$'000</b>
<b>(b) Cash flows from operating activities</b>			
Profit/(loss) for the year (after income tax)		(2,369)	(3,321)
<i>Adjustments for:</i>			
Depreciation and amortisation		1,556	1,418
(Profit)/loss from sale of property, plant and equipment		(12)	(252)
Defined benefit plan expenses		422	442
(Increase)/decrease in equity accounted investments		170	(170)
<i>Change in working capital and provisions:</i>			
(Increase)/decrease in trade and other receivables, and prepayments		(1,236)	1,121
Increase/(decrease) in payables		664	(184)
Increase/(decrease) in income tax payable		-	(95)
Increase/(decrease) in deferred tax liabilities		-	54
Increase/(decrease) in employee benefits		(657)	19
Provision for Defined Benefit Fund Obligation		(766)	(848)
<b>Net cash used in operating activities</b>		<u>(2,228)</u>	<u>(1,816)</u>

**Note 20 Financial instruments**

BSES's principal financial instruments comprise receivables, payables, cash and short-term deposits. The company has exposure to financial risks that include interest rate, liquidity, credit and foreign exchange risks. The Board of Directors has overall responsibility for the establishment and oversight of the financial risk management policy and framework through which key risks are managed.

The objective of the policy is to support preservation of the capital that is invested in liquid assets, obtaining an adequate return on those assets and maintaining access to the liquidity held in those assets.

# BSES Limited

## Notes to the Financial Statements

### For the year ended 30 June 2011

#### Note 20 Financial instruments (continued)

##### (a) Interest rate risk exposure

Interest-rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. This includes opportunity losses that may arise if BSES was to fix the interest rate on investments in a rising interest-rate environment.

BSES is exposed to interest rate risk via the cash and cash equivalents that it holds. Refer Note 7 "Cash and cash equivalents" for a list of cash and cash equivalent assets and Note 11 "Financial assets" for a list of financial institutions with which BSES has term deposits.

The primary objective of interest-rate risk management is to ensure that BSES earns a level of return on assets that preserve capital in real terms. BSES manages the interest rate / return on capital exposure to ensure a reasonable return on its investments whilst maintaining a tolerable level of risk. The reasonableness of the interest rate returns are measured and reported against an industry agreed rate which is currently the 90 day Bank Bill Swap rate.

The exposure to interest rate risk and the effective interest rates of financial assets and financial liabilities both recognised and unrecognised at the Statement of Financial Position date are as follows:

		<b>2011</b>			
		<b>\$'000</b>			
		Floating interest rate	Fixed interest rate (*)	Non interest bearing	Total (**)
<i>Financial assets</i>					
Cash and cash equivalent	7	4,143	-	14	4,157
Trade and other receivables	8	-	-	2,090	2,090
Financial assets	11	-	13,439	60	13,499
<b>Total financial assets</b>		<b>4,143</b>	<b>13,439</b>	<b>2,164</b>	<b>19,746</b>
<i>Financial liabilities</i>					
Trade and other payables	13	-	-	1,896	1,896
<b>Total financial liabilities</b>		<b>-</b>	<b>-</b>	<b>1,896</b>	<b>1,896</b>

		<b>2010</b>			
		<b>\$'000</b>			
		Floating interest rate	Fixed interest rate (*)	Non interest bearing	Total (**)
<i>Financial assets</i>					
Cash and cash equivalent	7	1,714	-	14	1,728
Trade and other receivables	8	-	-	1,660	1,660
Financial assets	11	-	19,325	55	19,380
<b>Total financial assets</b>		<b>1,714</b>	<b>19,325</b>	<b>1,729</b>	<b>22,768</b>
<i>Financial liabilities</i>					
Trade and other payables	13	-	-	1,233	1,233
<b>Total financial liabilities</b>		<b>-</b>	<b>-</b>	<b>1,233</b>	<b>1,233</b>

(\*) Fixed interest rate maturing in one year or less

(\*\*) Total carrying amount as per Statement of Financial Position

**BSES Limited**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2011**

**Note 20 Financial instruments (continued)**

		Weighted Average Interest Rate	
		2011	2010
		%	%
<i>Financial Assets</i>			
Cash & cash equivalents	7	5.46	4.38
Trade & other receivables	8	-	-
Financial assets	11	5.85	3.51
<i>Financial liabilities</i>			
Trade & other payables	13	-	-

BSES has performed sensitivity analysis relating to its exposure to interest rate risk at the Statement of Financial Position 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 2011, 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 \$'000	2010 \$'000
<b>Change in profit</b>		
- Increase in interest rates by 1%	194	247
- Decrease in interest rates by 1%	(194)	(247)
<b>Change in equity</b>		
- Increase in interest rates by 1%	194	247
- Decrease in interest rates by 1%	(194)	(247)

This sensitivity analysis has been performed on the assumption that all other variables remain unchanged.

**(b) Credit risk**

Credit risk is defined as the risk of sustaining a capital loss resulting from the default by a counterparty that has:

- issued, accepted or endorsed a security in which BSES has invested;
- accepted a deposit from BSES; or
- owes money to BSES with respect to services performed.

BSES is exposed to credit risk in terms of cash invested in term deposits with financial institution counterparties and in terms of trade and other receivables.

**Term Deposit**

The company mitigates exposure to term deposit credit risk by only placing deposits with financial institutions that have a Standard and Poor's rating of AA- or better. BSES further reduces risk by limiting cash held with any individual financial institutions to a maximum of 40% of the term deposit portfolio.

**BSES Limited**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2011**

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**Note 20 Financial instruments (continued)**

**Trade and other receivables**

Current trade receivables are generally on 30 day terms. At 30 June the ageing analysis of trade receivables is as follows:

	<b>2011</b> <b>\$'000</b>	<b>2010</b> <b>\$'000</b>
0-30 Days	1,808	1,583
0-30 Days considered impaired	-	-
31-60 Days past due but not impaired	6	1
31-60 Days considered impaired	-	-
61-90 Days past due but not impaired	-	1
61-90 Days considered impaired	-	-
90+ Days past due but not impaired	276	38
90+ Days considered impaired	-	37
	<u>2,090</u>	<u>1,660</u>

There are no receivables considered impaired as at the reporting date. An amount of \$276 thousand is shown as 90+ days past due date but is not considered impaired as it represents government funding to be received.

In 2010, an amount of \$37 thousand was considered impaired and was subsequently written off in the current reporting period.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	<b>2011</b> <b>\$'000</b>	<b>2010</b> <b>\$'000</b>
Equity securities	60	55
Loans and receivables	2,090	1,660
Cash	4,158	1,728
Financial assets	13,439	19,325
	<u>\$ 19,747</u>	<u>\$ 22,768</u>

# BSES Limited

## Notes to the Financial Statements

### For the year ended 30 June 2011

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#### Note 20 Financial instruments (continued)

##### (c) Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The company manages liquidity by continuously monitoring forecast and actual cash-flows using existing cash reserves and takes into account:

- Projected returns on investment;
- Industry service fee;
- Contractual commitments for projects, investment and capital; and
- Commitments to stakeholders.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

	2011	2010
	\$'000	\$'000
<b>Trade and other payables</b>		
Fair value	1,896	1,233
Contractual value	1,896	1,233
6 mths or less	1,896	1,233
More than 6 months	-	-

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

##### (d) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates relative to the functional currency in which they are measured.

BSES has identified two foreign exchange risks:

- Transaction exposure; and
- Translation exposure.

##### Transaction exposure

Foreign exchange transaction risk is the risk that BSES cash flows will be affected adversely by movements in exchange rates that will increase the Australian dollar value of foreign currency being paid, or will diminish the Australian dollar value of foreign currency being received.

Foreign exchange transaction exposure is recognised on a committed basis. This is, when BSES becomes aware that there is an irrevocable commitment to receive or pay in a foreign currency.

# BSES Limited

## Notes to the Financial Statements

### For the year ended 30 June 2011

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#### Note 20 Financial instruments (continued)

##### Translation exposure

Foreign exchange translation risk is the risk that the foreign exchange movement has on the value of the company's foreign assets and liabilities when converted to the functional currency at reporting date.

BSES seeks to mitigate translation expected downward exposure through authorised hedging instruments as set by the Board and reviewed annually.

Measurement of translation risk is made by comparing the exchange rate at reporting date to the weighted average purchased exchange rate of foreign currency.

There were no hedged amounts payable or receivable in foreign currencies at reporting date (2010 nil).

BSES had the following United States dollar foreign denominated currency at reporting date converted to Australian dollar:

	2011 \$'000	2010 \$'000
Bank accounts	993	-
Receivables	-	-
Payables	-	-
Gross balance sheet exposure	<u>\$ 993</u>	<u>\$ -</u>

##### Foreign currency sensitivity analysis

A 10% strengthening or weakening of the Australian dollar applied against the Gross Balance Sheet exposure in the above table in respect of the above currency at 30 June 2011 would have (increased) / decreased profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2010. There is no impact on equity other than in retained earnings.

	2011 \$'000	2010 \$'000
<b>Change in profit - (Gain) / Loss</b>		
Increase in foreign exchange rates by 10%	90	-
Decrease in foreign exchange rates by 10%	(110)	-

**BSES Limited**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2011**

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**Note 21 Commitments**

**Capital commitments**

There were no capital expenditure commitments at as at 30 June 2011.

	<i>Notes</i>	<b>2011</b> <b>\$'000</b>	<b>2010</b> <b>\$'000</b>
<b>Operating commitments</b>			
<b>Lease commitments</b>			
<b>(a) Motor vehicles</b>			
Motor vehicle lease commitments in relation to non-cancellable operating leases contracted for at the reporting date but not recognised as liabilities, payable:			
- not later than one year		626	489
- later than one year but not later than five years		407	450
- later than five years		-	-
		<u>1,033</u>	<u>939</u>

These leases have an average 3 year term. Increases in lease commitments may occur in line with CPI. The option exists to renew leases at the end of their term for an additional 12 month period.

**(b) Property leases**

Property lease commitments are non-cancellable operating leases contracted for but not capitalised in the financial statements. No capital commitments exist in regards to the operating lease commitments at year-end. Increase in lease commitment may occur in line with CPI.

- not later than one year	156	116
- later than one year but not later than five years	211	282
- later than five years	21	28
	<u>388</u>	<u>426</u>
Operating lease expensed during the year	<u>636</u>	<u>638</u>

# BSES Limited

## Notes to the Financial Statements

### For the year ended 30 June 2011

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#### Note 22 Key management personnel disclosure

Remuneration paid to Directors of BSES Limited (including the Managing Director), and the key executives in the period 1 July 2010 to 30 June 2011 in connection with the management of BSES Limited includes salary, fees and commissions and contributions to members' superannuation and other benefits paid to them and on their behalf.

The key management personnel compensation included in administration expenses are as follows:

	<b>2011</b>	<b>2010</b>
	<b>\$'000</b>	<b>\$'000</b>
Short-term employee benefits	824	796
Post-employment benefits - including salary sacrifice superannuation	293	224
Other long-term benefits - long service leave	66	24
Termination benefits	-	-
	<u>1,183</u>	<u>1,044</u>

# BSES Limited

## Notes to the Financial Statements

### For the year ended 30 June 2011

#### Note 23 Related parties

The names of persons who were directors of BSES at any time during the financial period are:

Mr PS Wright AM, Chairperson  
 Mr ES Wallis, Managing Director  
 Mr JJ Russo  
 Mr JS Pollock  
 Mr PM Sgarbossa  
 Mr IR Davies  
 Mr IJ Sharpe  
 Mr IC McBean

During the reporting period, there were two directors who were directors and/or officers of milling companies (IR Davies, Sucrogen Limited; IC McBean, Proserpine Cooperative Sugar Milling Association Limited) and the Company has agreements with these milling companies, such as cane analysis services agreements, research agreements, confidentiality agreements and BSES PBR and Services Agreements. In addition, directors who were Grower Directors during the reporting period (JJ Russo, PM Sgarbossa or entities related to them) have, as growers, standard BSES PBR and Services Agreements with the Company. All such related transactions are on normal commercial terms and conditions occurring in a normal customer or supplier relationship at arm's length.

Related parties		Transactions value year ended 30 June		Balance outstanding as at 30 June	
		2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Sucrogen Limited	(i)	2,367	1,990	144	350
Proserpine Cooperative Sugar Milling Association Limited	(ii)	400	583	-	-
				<u>144</u>	<u>350</u>

- (i) BSES receives fees and service charges from Sucrogen Limited in accordance with agreements for milling cane and carrying out cane analysis. Amounts were billed based on normal market rates for such services and payable under normal payment terms.
- (ii) BSES receives fees and service charges from Proserpine Cooperative Sugar Milling Association Limited in accordance with agreements for milling cane and carrying out cane analysis. Amounts were billed based on normal market rates for such services and payable under normal payment terms.

#### Note 24 Events occurring after reporting date

No events after the reporting date have material financial effects on the financial statements as at 30 June 2011

# BSES Limited

## Notes to the Financial Statements

### For the year ended 30 June 2011

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#### Note 25 Correction of error

The company has reclassified the following balances during the year ended 30 June 2011:

(i) Work in progress

In prior periods, the Company has presented work-in-progress costs incurred in relation to its service contracts as inventory (total of \$316 thousand). During the year ended 30 June 2011, this balance has been reclassified to work in progress and shown as a component of trade and other receivables. There has been no impact on profit or loss as a result of this correction.

(ii) Intangible assets

In prior period, the Company had presented software assets totalling \$953 thousand as a component of property, plant and equipment. During the year ended 30 June 2011 and in accordance with AASB 138, *Intangible Assets*, this balance has been reclassified to intangible assets to reflect that the software is not an integral part of the related plant and equipment. There has been no impact on the profit and loss as a result of this correction.

(iii) Financial assets

In prior periods, the Company had presented term deposits with original maturity dates exceeding three month within cash and cash equivalents for the purposes of the Statement of Cash Flows (total of \$11,257 thousand). During the year ended 30 June 2011, the Company has presented the cash flows from these term deposits as a component of the cash flows from investing activities in the Statement of Cash Flows, resulting in an increase in cash flows from investing activities of \$1,240 thousand for the year ended 30 June 2010.

In accordance with AASB 101, Presentation of Financial Statements, the Company has retrospectively restated its comparative information and presented the Statement of Financial Position at the beginning of the earliest comparative period.

#### Note 26 Registered office and principal place of business

50 Meiers Road  
Indooroopilly  
Queensland 4068

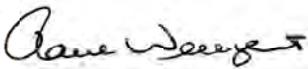
## **BSES Limited Director's Declaration**

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The directors of BSES Limited declare that:

- (i) In the directors' opinion, there are reasonable grounds to believe that BSES Limited will be able to pay its debts as and when they become due and payable;
- (ii) In the directors' opinion, the financial statements and notes set out on pages 18 to 52 are in accordance with the Corporations Act 2001, including:
  - a. Complying with Accounting Standards and the Corporations Regulations 2001; and
  - b. Giving a true and fair view of the company's financial position as at 30 June 2011 and of its performance for the year ended on that date.

This declaration is made in accordance with a resolution of the board of directors.



.....  
PS Wright AM  
Chairman



.....  
ES Wallis  
Managing Director and Chief Executive Officer

2 September 2011



## **Independent auditor's report to the members of BSES Limited**

We have audited the accompanying financial report of BSES Limited (the Company), which comprises the statement of financial position as at 30 June 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, notes 1 to 26 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

### *Directors' responsibility for the financial report*

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

### *Auditor's responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Company's financial position and of its performance.

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



*Independence*

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of BSES Limited on 29 August 2011, would be in the same terms if given to the directors as at the time of this auditor's report.

*Auditor's opinion*

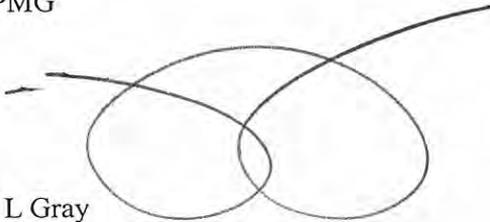
In our opinion:

(a) the financial report of BSES Limited is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Company's financial position as at 30 June 2011 and of its performance for the year ended on that date; and

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

KPMG



M L Gray  
Partner

Brisbane  
2 September 2011

# Glossary of Terms

<b>ACIAR</b>	Australian Centre for International Agricultural Research	<b>GCTB</b>	Green Cane Trash Blanket
<b>APVMA</b>	Australian Pesticides and Veterinary Medicines Authority	<b>GM</b>	Genetically Modified
<b>AQIS</b>	Australian Quarantine and Inspection Service	<b>IPM</b>	Integrated Pest Management
<b>ASA</b>	Australian Sugar Alliance	<b>IWM</b>	Integrated Weed Management
<b>ASSCT</b>	Australian Society of Sugar Cane Technologists	<b>NCEA</b>	National Centre for Engineering in Agriculture
<b>BAS</b>	Bagasse Analysis System	<b>NIR</b>	Near Infra-Red
<b>CAS</b>	Cane Analysis System	<b>NSW</b>	New South Wales
<b>CCS</b>	Commercial Cane Sugar	<b>PBR</b>	Plant Breeder's Rights
<b>CRC-SIIB</b>	Cooperative Research Centre for Sugarcane Industry Innovation through Biotechnology	<b>PQA</b>	Pest Quarantine Area
<b>CSIRO</b>	Commonwealth Scientific and Industrial Research Organisation	<b>R&amp;D</b>	Research and Development
<b>DNA</b>	Deoxyribonucleic Acid	<b>RD&amp;E</b>	Research, Development and Extension
<b>DEEDI</b>	Department of Employment, Economic Development and Innovation	<b>RWUE</b>	Rural Water Use Efficiency
<b>DERM</b>	Department of Environment and Resource Management	<b>SIRMOD</b>	Surface Irrigation Modelling
		<b>SMS</b>	Short Message Service
		<b>SRDC</b>	Sugar Research Development Corporation
		<b>UQ</b>	University of Queensland
		<b>USA</b>	United States of America



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BSES Limited

Postal address: PO Box 86 Indooroopilly QLD 4068

Registered office: 50 Meiers Road Indooroopilly QLD 4068

Phone: 07 3331 3333 | Fax: 07 3871 0383

Web: [bses.com.au](http://bses.com.au) | Email: [info@bses.com.au](mailto:info@bses.com.au)

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