

Oliver's Real Food Limited

ABN 33 166 495 441

Appendix 4E and Financial Report

For the year ended 30 June 2018



Oliver's Real Food Limited

Oliver's Real Food Limited and Controlled Entities
ABN 33 166 495 441

Appendix 4E and Financial Report
For the year ended 30 June 2018

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Oliver's Real Food Limited

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Appendix 4E and Financial Report
For the year ended 30 June 2018

Reporting period

Current reporting period	Financial year ended 30 June 2018
Previous reporting period	Financial year ended 30 June 2017

Revenue and Net Profits

	Year ended 30-Jun-18 \$'000s	Year ended 30-Jun-17 \$'000s	Variance %
Revenue from ordinary activities	35,928	20,749	73.2%
Earnings before interest, taxes, depreciation and amortisation (EBITDA) *			
- before net gain/(loss) on sale of property, plant and equipment	876	(2,199)	139.8%
- after net gain/(loss) on sale of property, plant and equipment	2,702	(2,283)	218.4%
Net profit after tax	(643)	(2,869)	77.6%
Profit after tax attributable to members of the parent entity	(643)	(2,815)	77.2%
Earnings per share			
- Basic	\$0.00	(\$0.03)	100.0%
- Diluted	\$0.00	(\$0.03)	100.0%

* EBITDA is a financial measure which is not prescribed by the Australian Accounting Standards ("AASB") and represents the profit/loss under AASB adjusted for specific non-cash and significant items. The directors consider EBITDA to reflect the core earnings of the consolidated entity.

A reconciliation between EBITDA and profit after income tax for the financial years ended 30 June 2018 and 30 June 2017 are set out below:

	Year ended 30-Jun-18 \$'000s	Year ended 30-Jun-17 \$'000s
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	2,702	(2,283)
Impairment of fixed assets	(183)	
Impairment of goodwill	(275)	
Less: Depreciation and amortisation	(2,297)	(924)
Less: Finance costs (net)	(89)	(413)
Profit before tax	<u>(141)</u>	<u>(3,620)</u>
Income tax expense	(502)	751
Net profit after tax	<u>(643)</u>	<u>(2,869)</u>

Dividends

No dividend was declared or paid during the reporting period.

Commentary on the results

The Group's revenues increased by 73.2% to \$35.9 million during the period.

The buy-back of franchised stores in FY2017 combined with increase in same store revenues and strong business controls flowed through to increased gross profit for the financial period of \$27.4 million with gross margin increased from 67.2% to 76.4%.

Overhead costs for the year at \$5.2 million were higher than anticipated due largely to a number of one-off unplanned items including additional staff costs as a result of the change in CEO, redundancy costs and additional people required to prepare the company for growth in the FY2019 year and beyond.

EBITDA for the year was \$2.7 million as compared to a loss of \$2.3 million in FY2017, including capital gains from sale of two parcels of land and buildings which were stores purchased, re-branded and leased by Oliver's.

Net profit after tax for the year was a loss of \$0.6 million as compared to a loss of \$2.9 million in FY2017.

During the financial year, the company

- Opened 9 new company owned stores and closed 1 company owned store.
- Bought back the remaining franchised store at East-link Inbound; and
- Acquired the remaining 25% equity interest in The Delicious & Nutritious Food Co Pty Ltd (T/A Red Dragon).

As at 30 June 2018, Oliver's Real Food Limited operated 28 company owned stores retail stores in Australia.

Net Tangible Assets

	Year ended 30-Jun-18	Year ended 30-Jun-17
Net Tangible Assets (dollars per share)	0.07	0.08

Events After the Current reporting period

There are no significant events since the end of the reporting period.

Preliminary Financial Report

The preliminary financial report of Oliver's Real Food Limited for the year ended 30 June 2018 is attached.

Audit status

The report is based on accounts that are in the process of being audited. It is not expected that the report is likely to contain an independent audit report that is subject to a modified opinion, emphasis of matter or other matter paragraph.

Date: 30 August 2018

**OLIVER'S REAL FOOD LTD ABN: 33 166 495 441
AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2018**

		Consolidated Group	
		2018	2017
	Note	\$	\$
Continuing operations			
Revenue	1	35,938,194	20,755,626
Other income	1	1,922,155	398,054
Raw materials and consumables used		(8,484,671)	(6,805,372)
Employee benefits expense		(15,610,971)	(8,721,549)
Administration expense		(5,159,547)	(4,772,140)
Occupancy expense		(5,866,724)	(3,033,433)
Depreciation and amortisation expense		(2,296,595)	(923,836)
Finance costs		(99,147)	(419,149)
Impairment of property, plant and equipment		(182,510)	-
Impairment of goodwill		(274,610)	-
Other expenses		(26,116)	(97,913)
Loss before income tax	2	<u>(140,542)</u>	<u>(3,619,712)</u>
Tax (expense) / benefit		(502,211)	750,863
Net Loss for the year	2	<u>(642,753)</u>	<u>(2,868,849)</u>
Total other comprehensive loss for the year		-	-
Total comprehensive loss for the year		<u>(642,753)</u>	<u>(2,868,849)</u>
Net loss attributable to:			
Owners of the parent entity		(642,753)	(2,815,208)
Non-controlling interest		-	(53,641)
		<u>(642,753)</u>	<u>(2,868,849)</u>
Total comprehensive income / (loss) attributable to:			
Members of the parent entity		(642,753)	(2,815,208)
Non-controlling interest		-	(53,641)
		<u>(642,753)</u>	<u>(2,868,849)</u>
Loss per share			
Basic earnings per share	3	(0.00)	(0.03)
Diluted earnings per share	3	(0.00)	(0.03)

The accompanying notes form part of these financial statements.

**OLIVER'S REAL FOOD LTD ABN: 33 166 495 441
AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018**

	Note	Consolidated Group	
		2018	2017
		\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	2,858,960	6,344,096
Trade and other receivables	5	659,714	1,273,212
Inventories	6	2,095,246	1,340,481
Other assets	10	410,679	153,248
TOTAL CURRENT ASSETS		<u>6,024,599</u>	<u>9,111,037</u>
NON-CURRENT ASSETS			
Property, plant and equipment	8	15,287,023	10,737,090
Deferred tax assets		758,213	571,982
Intangible assets	9	8,934,430	6,676,844
Other non-current assets	10	406,517	428,610
TOTAL NON-CURRENT ASSETS		<u>25,386,182</u>	<u>18,414,526</u>
TOTAL ASSETS		<u>31,410,781</u>	<u>27,525,563</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	11	3,128,895	2,233,286
Borrowings	12	374,313	252,723
Other financial liabilities	13	494,089	308,756
Provisions	14	391,744	235,515
TOTAL CURRENT LIABILITIES		<u>4,389,041</u>	<u>3,030,280</u>
NON-CURRENT LIABILITIES			
Borrowings	12	1,701,559	109,876
Other financial liabilities	13	203,138	158,569
Deferred tax liabilities		1,011,462	61,247
Provisions	14	403,579	345,201
TOTAL NON-CURRENT LIABILITIES		<u>3,319,738</u>	<u>674,893</u>
TOTAL LIABILITIES		<u>7,708,779</u>	<u>3,705,173</u>
NET ASSETS		<u>23,702,002</u>	<u>23,820,390</u>
EQUITY			
Issued capital	15	26,149,248	25,215,628
Reserves		275,129	121,883
Retained earnings		(2,722,374)	(1,681,237)
Equity attributable to owners of the parent entity		<u>23,702,002</u>	<u>23,656,274</u>
Non-controlling interest		-	164,116
TOTAL EQUITY		<u>23,702,002</u>	<u>23,820,390</u>

The accompanying notes form part of these financial statements.

**OLIVER'S REAL FOOD LTD ABN: 33 166 495 441
AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2018**

Note	Share Capital		Reserves		Non-controlling interests	Total
	Ordinary	Retained Earnings	Option Reserve	Subtotal		
	\$	\$	\$	\$	\$	\$
Consolidated Group						
Balance at 1 July 2016	1,795,438	1,200,003	-	2,995,441	118,512	3,113,953
Comprehensive income						
Loss for the year	-	(2,815,208)	-	(2,815,208)	(53,641)	(2,868,849)
Total comprehensive income for the year	-	(2,815,208)	-	(2,815,208)	(53,641)	(2,868,849)
Transactions with owners, in their capacity as owners, and other transfers						
Shares issued during the year	24,681,558	-	-	24,681,558	-	24,681,558
Transaction costs, net of tax	(1,261,368)	-	-	(1,261,368)	-	(1,261,368)
Payment of share options	-	-	174,440	174,440	-	174,440
Transfer from option reserve on exercise of option	-	136,838	(136,838)	-	-	-
Option expense recognised in the year	-	-	84,281	84,281	-	84,281
Total transactions with owners and other transfers	23,420,190	136,838	121,883	23,678,911	-	23,678,911
Other						
Acquisition of non-controlling interest	-	(202,870)	-	(202,870)	99,245	(103,625)
Total Other	-	(202,870)	-	(202,870)	99,245	(103,625)
Balance at 30 June 2017	25,215,628	(1,681,237)	121,883	23,656,274	164,116	23,820,390
Balance at 1 July 2017	25,215,628	(1,681,237)	121,883	23,656,274	164,116	23,820,390
Comprehensive income						
Loss for the year	-	(642,753)	-	(642,753)	-	(642,753)
Total comprehensive income for the year	-	(642,753)	-	(642,753)	-	(642,753)
Transactions with owners, in their capacity as owners, and other transfers						
Transaction costs, net of tax	363,620	-	-	363,620	-	363,620
Payment of share options	7,500	-	-	7,500	-	7,500
Transfer from option reserve on exercise of option	-	-	-	-	-	-
Option expense recognised in the year	-	-	153,245	153,245	-	153,245
Total transactions with owners and other transfers	371,120	-	153,245	524,365	-	524,365
Other						
Acquisition of non-controlling interest	562,500	(398,384)	-	164,116	(164,116)	-
Total Other	562,500	(398,384)	-	164,116	(164,116)	-
Balance at 30 June 2018	26,149,248	(2,722,374)	275,128	23,702,002	-	23,702,002

The accompanying notes form part of these financial statements.

**OLIVER'S REAL FOOD LTD ABN: 33 166 495 441
AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2018**

	Consolidated Group	
Note	2018	2017
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	36,451,103	20,506,383
Interest received	9,924	6,567
Other income	18,166	50,401
Payments to suppliers and employees	(34,753,490)	(22,701,339)
Finance costs	(99,147)	(419,149)
Income tax paid	(277,969)	(77,376)
Net cash generated by / (used in) operating activities	<u>1,348,587</u>	<u>(2,634,513)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	3,871,418	-
Payment for purchase of business, net of cash acquired	(3,437,234)	(8,107,395)
Payments for intangible assets	(250,490)	-
Purchase of property, plant and equipment	(6,662,975)	(4,065,116)
Net cash used in investing activities	<u>(6,479,282)</u>	<u>(12,172,511)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	-	23,555,000
Proceeds from borrowings	1,973,555	1,831,712
Cost of issuance of shares	-	(1,261,368)
Proceeds from exercise of options	7,500	24,000
Proceeds from issue of options	-	174,440
Repayment of borrowings	(335,496)	(4,011,262)
Net cash provided by (used in) financing activities	<u>1,645,559</u>	<u>20,312,522</u>
Net (decrease) / increase in cash held	(3,485,136)	5,505,498
Cash and cash equivalents at beginning of financial year	6,344,096	838,598
Effect of exchange rates on cash holdings in foreign currencies	-	-
Cash and cash equivalents at end of financial year	<u>4 2,858,960</u>	<u>6,344,096</u>

The accompanying notes form part of these financial statements.

**OLIVER'S REAL FOOD LTD ABN: 33 166 495 441
AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018**

Note 1 Revenue and Other Income

	Consolidated Group	
	2018	2017
	\$	\$
(a) Revenue from continuing operations		
Sales revenue		
· Revenue from sale of goods	35,922,123	19,893,812
· Franchise and royalty revenue	6,147	855,247
	<u>35,928,270</u>	<u>20,749,059</u>
Other revenue		
· interest received	9,924	6,567
	<u>9,924</u>	<u>6,567</u>
Total revenue	<u>35,938,194</u>	<u>20,755,626</u>
Other income		
· Gain on disposal of property, plant and equipment	1,852,960	14,037
· Other income	18,418	203,648
· Gain on bargain purchase	50,777	180,369
Total other income	<u>1,922,155</u>	<u>398,054</u>

Note 2 Profit for the Year

	Consolidated Group	
	2018	2017
	\$	\$
Profit before income tax from continuing operations includes the following specific expenses:		
(a) Expenses		
Cost of sales	8,484,671	6,805,372
Finance costs	99,147	419,149
Employee benefits expense	15,610,971	8,721,549
Bad and doubtful debts:		
· trade receivables	67,252	79,610
Rental expense on operating leases	5,866,724	3,033,433
Depreciation	1,554,351	874,051
Amortisation	637,244	49,785
Share-based payment expenses	153,256	84,281
Loss on disposal of property, plant and equipment	26,116	97,913

Note 3 Loss per Share

	Consolidated Group	
	2018	2017
	\$	\$
(a) Reconciliation of earnings to profit or loss		
Loss	(642,753)	(2,868,849)
Profit attributable to non-controlling equity interest		53,641
Loss used to calculate basic EPS	(642,753)	(2,815,208)
Loss used in the calculation of dilutive EPS	(642,753)	(2,815,208)
	No.	No.
(d) Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	195,817,574	98,733,200
Weighted average number of dilutive options outstanding	6,601,930	-
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	<u>202,419,504</u>	<u>98,733,200</u>
EPS		
- Basic	(0.00)	(0.03)
- Diluted	(0.00)	(0.03)

**OLIVER'S REAL FOOD LTD ABN: 33 166 495 441
AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018**

Note 4 Cash and Cash Equivalents

	Consolidated Group	
	2018	2017
	\$	\$
Cash at bank and on hand	2,544,723	6,256,466
Short-term bank deposits	314,237	87,630
	<u>2,858,960</u>	<u>6,344,096</u>

Reconciliation of cash

Cash and cash equivalents at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

Cash and cash equivalents	<u>2,858,960</u>	<u>6,344,096</u>
	<u>2,858,960</u>	<u>6,344,096</u>

Note 5 Trade and Other Receivables

	Consolidated Group	
	2018	2017
	\$	\$
CURRENT		
Trade receivables	455,666	975,340
Provision for impairment	-	-
	<u>455,666</u>	<u>975,340</u>
Other receivables	204,048	297,872
Amounts receivable from related parties		
· associates	-	-
Total current trade and other receivables	<u>659,714</u>	<u>1,273,212</u>

Note 6 Inventories

	Consolidated Group	
	2018	2017
	\$	\$
CURRENT		
At cost:		
Raw materials and stores	2,050,921	1,294,623
Finished goods	44,325	45,858
	<u>2,095,246</u>	<u>1,340,481</u>

**OLIVER'S REAL FOOD LTD ABN: 33 166 495 441
AND CONTROLLED ENTITIES**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Note 7 Interests in Subsidiaries

(a) Information about Principal Subsidiaries

The subsidiaries listed below have share capital consisting solely of ordinary shares or ordinary units which are held directly by the Group. The proportion of ownership interests held equals the voting rights held by Group. Each subsidiary's principal place of business is also its country of incorporation.

Name of subsidiary	Principal place of business	Ownership interest held by the Group	
		2018 (%)	2017 (%)
Coffs Harbour Franchise Pty Ltd	Australia	100%	100%
Coonalpyn Properties Pty Ltd	Australia	100%	100%
Farm Gate Market Direct Pty Ltd	Australia	100%	100%
Fresh Food Services NSW Pty Ltd	Australia	100%	100%
Fresh Food Services QLD Pty Ltd	Australia	100%	100%
Fresh Food Services VIC Pty Ltd	Australia	100%	100%
Gundagai Properties Pty Ltd	Australia	100%	100%
Oliver's Albury North Pty Ltd	Australia	100%	100%
Oliver's Aratula Pty Ltd	Australia	100%	100%
Oliver's Ballarat Pty Ltd	Australia	100%	100%
Oliver's Bulahdelah Pty Ltd	Australia	100%	100%
Oliver's Calcoffs Pty Ltd	Australia	100%	100%
Oliver's Chinderah Pty Ltd	Australia	100%	100%
Oliver's Coffs Pty Ltd	Australia	100%	100%
Oliver's Coomera Pty Ltd	Australia	100%	100%
Oliver's Coonalpyn Pty Ltd	Australia	100%	100%
Oliver's Corporate Pty Ltd	Australia	100%	100%
Oliver's Dubbo West Pty Ltd	Australia	100%	100%
Oliver's East-Link Inbound Pty Ltd	Australia	100%	100%
Oliver's East-Link Outbound Pty Ltd	Australia	100%	100%
Oliver's Euroa Pty Ltd	Australia	100%	100%
Oliver's Ferry Park Pty Limited	Australia	100%	100%
Oliver's Franchising Pty Ltd	Australia	100%	100%
Oliver's Geelong Northbound Pty Ltd	Australia	100%	100%
Oliver's Geelong Southbound Pty Ltd	Australia	100%	100%
Oliver's Gundagai Pty Ltd	Australia	100%	100%
Oliver's Halfway Creek Pty Ltd	Australia	100%	100%
Oliver's Hexham Pty Ltd	Australia	100%	100%
Oliver's Holbrook Pty Ltd	Australia	100%	100%
Oliver's Horsham Pty Ltd	Australia	100%	100%
Oliver's Kelso Pty Ltd	Australia	100%	100%
Oliver's Lithgow Pty Ltd	Australia	100%	100%
Oliver's Maitland Road Pty Ltd	Australia	100%	100%
Oliver's Maryborough Pty Ltd	Australia	100%	100%
Oliver's Merino Pty Ltd	Australia	100%	100%
Oliver's National Marketing Fund Pty Ltd	Australia	100%	100%
Oliver's Officer Inbound Pty Ltd	Australia	100%	100%
Oliver's Officer Outbound Pty Ltd	Australia	100%	100%
Oliver's Organic Farming Pty Ltd	Australia	100%	100%
Oliver's Penn-Link Inbound Pty Ltd	Australia	100%	100%
Oliver's Penn-Link Outbound Pty Ltd	Australia	100%	100%
Oliver's Port Macquarie Pty Ltd	Australia	100%	100%
Oliver's Roma Street Pty Ltd	Australia	100%	100%
Oliver's Shepparton Pty Ltd	Australia	100%	100%
Oliver's Sutton Forest Pty Ltd	Australia	100%	100%
Oliver's Wallan Northbound Pty Ltd	Australia	100%	100%
Oliver's Wallan Southbound Pty Ltd	Australia	100%	100%
Oliver's Westgate Pty Ltd	Australia	100%	100%
Oliver's Wyong Northbound Pty Ltd	Australia	100%	100%
Oliver's Wyong Southbound Pty Ltd	Australia	100%	100%
Retail Technology Services Pty Ltd	Australia	100%	100%

**OLIVER'S REAL FOOD LTD ABN: 33 166 495 441
AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018**

Note 7 Interests in Subsidiaries (Cont'd)

Name of subsidiary	Principal place of business	Ownership interest held by the Group	
		2018 (%)	2017 (%)
Revalo's Pty Ltd	Australia	100%	100%
Silver Dog Pty Ltd	Australia	100%	100%
Slacks Creek Pty Ltd	Australia	100%	100%
The Delicious & Nutritious Food Co Pty Ltd	Australia	100%	75%

Subsidiary financial statements used in the preparation of these consolidated financial statements have also been prepared as at the same reporting date as the Group's financial statements.

(b) Acquisition of Controlled Entities

On 1 December 2016, the company acquired all the equity issued by Revalo's Pty Limited for total consideration of \$455,416 (1,833,330 @ \$0.19 each). The values identified in relation to the acquisition of Revalo's were provisional as at 30 June 2017 as the re-acquired rights intangible asset fair value has yet to be finalised.

The valuation of the re-acquired rights is now finalised and the details of the acquisition are as follows:

	Fair value \$
- Purchase consideration:	
- Cash	107,083
- Ordinary shares (i)	<u>348,333</u>
	<u>455,416</u>
Less:	
Property, plant and equipment	612,761
Reacquired rights	50,000
Other Net Assets	<u>23,024</u>
Identifiable assets acquired and liabilities assumed	<u><u>685,785</u></u>
Gain on Bargain Purchase (ii)	<u><u>(230,369)</u></u>

- (i) The consideration paid to acquire Revalo's Pty Ltd includes 1,833,333 ordinary shares at \$0.19 each issued to the vendors. The fair value of the shares has been determined based on the price of the shares at the date of acquisition prepared by an independent valuer.
- (ii) The Gain on Bargain Purchase arose due to the difference in the issue price (\$0.30 each) and the fair value (\$0.19 each) for the scrip consideration (1,833,333 ordinary shares). The increase of \$50,000 in gain on bargain purchase was related to the re-acquired rights identified in the final purchase price allocation. It has been included as income in the Statement of Comprehensive Income and will not be assessable for tax purposes.

(c) Transactions with Non-controlling interests in The Delicious & Nutritious Food Co Pty Ltd

On 7 July 2017, the company acquired the remaining 25% of the outstanding shares in The Delicious & Nutritious Food Co Pty Ltd for a share consideration at a fair value of \$562,500 (i.e. 1,875,000 ordinary shares at \$0.30 each). This brings the Parent entity interest in The Delicious & Nutritious Food Co Pty Ltd to 100%.

**OLIVER'S REAL FOOD LTD ABN: 33 166 495 441
AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018**

Note 8 Property, Plant and Equipment

	Consolidated Group	
	2018	2017
	\$	\$
LAND AND BUILDINGS		
Land & Buildings	1,028,338	1,728,642
Total land and buildings	<u>1,028,338</u>	<u>1,728,642</u>
Carrying amount of all buildings had they been carried under the cost model		
PLANT AND EQUIPMENT		
Plant and equipment:		
At cost	7,206,960	5,498,523
Accumulated depreciation	(1,916,809)	(1,050,258)
Accumulated impairment losses	-	-
	<u>5,290,151</u>	<u>4,448,265</u>
Leasehold improvements		
At cost	9,068,714	4,441,346
Accumulated amortisation	(997,628)	(440,149)
	<u>8,071,086</u>	<u>4,001,197</u>
Motor Vehicles		
At cost	1,289,184	819,190
Accumulated depreciation	(391,736)	(260,204)
	<u>897,448</u>	<u>558,986</u>
Total plant and equipment	<u>14,258,685</u>	<u>9,008,448</u>
Total property, plant and equipment	<u>15,287,023</u>	<u>10,737,090</u>

Note 9 Intangible Assets

	Consolidated Group	
	2018	2017
	\$	\$
Goodwill		
Cost	4,937,638	5,743,720
Accumulated impairment losses	(274,610)	-
Net carrying amount	<u>4,663,028</u>	<u>5,743,720</u>
Patents and Trademarks		
Cost	190,576	81,855
Accumulated amortisation and impairment losses	(107,399)	(52,063)
Net carrying amount	<u>83,177</u>	<u>29,792</u>
Computer software:		
Cost	381,580	1,844
Accumulated amortisation and impairment losses	(403)	(31)
Net carrying amount	<u>381,177</u>	<u>1,813</u>
Brands & IP		
Cost	691,256	612,189
Accumulated amortisation and impairment losses	-	-
Net carrying amount	<u>691,256</u>	<u>612,189</u>
Customer relationships		
Cost	333,830	333,830
Accumulated amortisation and impairment losses	(77,884)	(44,500)
Net carrying amount	<u>255,946</u>	<u>289,330</u>
Re-acquired franchised rights		
Cost	3,408,000	-
Accumulated amortisation and impairment losses	(548,154)	-
Net carrying amount	<u>2,859,846</u>	<u>-</u>
Total intangible assets	<u>8,934,430</u>	<u>6,676,844</u>

**OLIVER'S REAL FOOD LTD ABN: 33 166 495 441
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Note 10 Other Assets

	Consolidated Group	
	2018	2017
	\$	\$
CURRENT		
Prepayments	410,679	153,248
	<u>410,679</u>	<u>153,248</u>
NON-CURRENT		
Rent receivable	-	50,910
Security deposits & bonds	327,668	326,648
Other assets	78,849	51,052
	<u>406,517</u>	<u>428,610</u>

Note 11 Trade and Other Payables

	Consolidated Group	
	2018	2017
	\$	\$
CURRENT		
Unsecured liabilities		
Trade payables	1,851,473	978,519
Sundry payables and accrued expenses	1,277,422	1,254,767
	<u>3,128,895</u>	<u>2,233,286</u>

Note 12 Borrowings

	Consolidated Group	
	2018	2017
	\$	\$
CURRENT		
Unsecured liabilities		
Lease liability	174,313	47,223
Loan from associated parties	200,000	205,500
Total current borrowings	<u>374,313</u>	<u>252,723</u>
NON-CURRENT		
Unsecured liabilities		
Lease liability	311,559	109,876
	<u>311,559</u>	<u>109,876</u>
Secured liabilities		
Bank loans	1,390,000	-
	<u>1,390,000</u>	<u>-</u>
Total non-current borrowings	<u>1,701,559</u>	<u>109,876</u>
Total borrowings	<u>2,075,872</u>	<u>362,599</u>

Note 13 Other Financial Liabilities

	Consolidated Group	
	2018	2017
	\$	\$
CURRENT		
Tax payable	-	164,000
Vendors - former franchised stores	-	119,392
Turnover rent payable	446,581	18,218
Other	47,508	7,146
	<u>494,089</u>	<u>308,756</u>
NON-CURRENT		
Provision for lease	203,138	158,568
	<u>203,138</u>	<u>158,568</u>

**OLIVER'S REAL FOOD LTD ABN: 33 166 495 441
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Note 14 Provisions

	Consolidated Group	
	2018	2017
CURRENT	\$	\$
Employee Benefits		
Opening balance at 1 July 2017	235,515	131,958
Additional provisions	156,229	103,557
Balance at 30 June 2018	<u>391,744</u>	<u>235,515</u>

	Consolidated Group	
	2018	2017
NON CURRENT	\$	\$
Lease make good		
Opening balance at 1 July 2017	345,201	250,100
Additional provisions	58,378	95,101
Balance at 30 June 2018	<u>403,579</u>	<u>345,201</u>

Analysis of Total Provisions

	Consolidated Group	
	2018	2017
	\$	\$
Current	391,744	235,515
Non-current	403,579	345,201
	<u>795,323</u>	<u>580,716</u>

Provision for Employee Benefits

Provision for employee benefits represents amounts accrued for annual leave and long service leave.

The current portion for this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the Group does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the Group does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

Provision for Make Good

A provision has been made for the present value of anticipated costs for future restoration of leased premises.

**OLIVER'S REAL FOOD LTD ABN: 33 166 495 441
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018**

Note 15 Issued Capital

	Consolidated Group	
	2018	2017
	\$	\$
213,960,081 (2017: 211,522,581) fully paid ordinary shares	26,149,248	25,215,628
	<u>26,149,248</u>	<u>25,215,628</u>

(a) Ordinary Shares	Consolidated Group			
	2018	2018	2017	2017
	No.	\$	No.	\$
At the beginning of the reporting period	211,522,581	25,215,628	10,409	1,795,438
Shares issued during the year				
· 14 November 2016 (1:7500 shares split)			78,057,091	
· November 2016 (\$0.30 per share for cash)			3,000,001	900,000
· November 2016 (\$0.19 per share for non-cash)			1,833,330	348,333
· December 2016 (\$0.16 per share for cash)			3,062,500	490,000
· February 2017 (\$0.16 per share for cash)			45,531,250	7,285,000
· May 2017 (\$0.20725 per share for non-cash)			500,000	103,625
· June 2017 (\$0.20 per share for non-cash)			2,500,000	500,000
· June 2017 (\$0.20 per share for non-cash)			153,000	30,600
· June 2017 (\$0.20 per share for cash)			75,000,000	15,000,000
· June 2017 (exercise of options)			1,875,000	24,000
· July 2017 (\$0.30 per share for non-cash)	1,875,000	562,500		
· June 2018 (exercise of options)	562,500	7,500		
Transaction costs on raising capital, net of tax		363,620		(1,261,368)
At the end of the reporting period	<u>213,960,081</u>	<u>26,149,248</u>	<u>211,522,581</u>	<u>25,215,628</u>

In July 2017, a total of 1,875,000 ordinary shares were issued at a fair value of \$0.30 each for the acquisition of 25% equity interest in The Delicious & Nutritious Food Co Pty Ltd.

In June 2018, 562,500 ordinary shares were issued upon the exercise of the options held by John Diddams, a non-executive director.

Note 16 Operating Segments

General Information

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the board of directors (chief operating decision makers) in assessing performance and in determining the allocation of resources.

The Group operates exclusively in the Quick Service Restaurant segment in Australia.