

# **Oliver's Real Food Limited**

(formerly Oliver's Australia Holdings Pty Ltd)

**ABN 33 166 495 441**

## **Appendix 4E and Financial Report**

**For the year ended 30 June 2017**



# 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 2017

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# 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 2017

## Reporting period

Current reporting period            Financial year ended 30 June 2017

Previous reporting period           Financial year ended 30 June 2016

## Revenue and Net Profits

	Year ended 30-Jun-17 \$'000s	Year ended 30-Jun-16 \$'000s	Variance %
Revenue from ordinary activities	<b>20,749</b>	17,126	21.2%
Earnings before interest, taxes, depreciation and amortisation (EBITDA) *	<b>(2,283)</b>	1,751	(230.4%)
Net profit after tax	<b>(2,869)</b>	624	(559.8%)
Profit after tax attributable to members of the parent entity	<b>(2,815)</b>	662	(525.2%)
Earnings per share (cents)			
- Basic	<b>(0.03)</b>	0.01	(400.0%)
- Diluted	<b>(0.03)</b>	0.01	(400.0%)

\* EBITDA is a financial measure which is not prescribed by the Australian Accounting Standards ("AAS") and represents the profit/loss under AAS 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 2017 and 30 June 2016 are set out bellows:

The announced FY2017 EBITDA was a loss of \$2.283 million as compared to the EBITDA loss of \$2.552 million in the Profit Guidance dated 31 July 2017.

	<b>Year ended 30-Jun-17 \$'000s</b>	Year ended 30-Jun-16 \$'000s
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	<b>(2,283)</b>	1,751
Less: Depreciation and amortisation	<b>(924)</b>	(568)
Less: Finance costs (net)	<b>(413)</b>	(279)
Profit before tax	<u><b>(3,620)</b></u>	<u>904</u>
Income tax expense	<b>751</b>	(280)
Net profit after tax	<u><b>(2,869)</b></u>	<u>624</u>

### **Dividends**

No dividend was declared or paid during the reporting period.

### **Commentary on the results**

During the financial year, the company

- Opened 3 new corporate stores – Chinderah, Ferry Park and Ballarat;
- Bought back 7 franchised stores – Coffs Harbour, Eastlink Inbound, Hexahm, Wyong Northbound, Goulburn, Wyong Southbound and Wallan Northbound; and
- Acquired the remaining 24% equity interest in Retail Technology Services Pty Ltd.

As at 30 June 2017, Oliver's Real Food Limited operated 20 retail stores in Australia – 19 corporate stores and 1 franchise store.

## Net Tangible Assets

	Year ended 30-Jun-17	Year ended 30-Jun-16
Net Tangible Assets (cents per share)	0.08	0.03

## Events After the Current reporting period

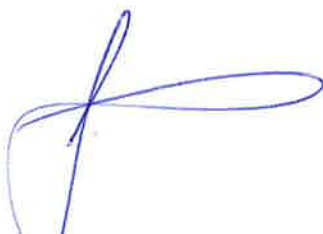
- on 7 July 2017, the company acquired the remaining 25% equity interest in The Delicious & Nutritious Co Ltd, which the company already held 75% of its equity interest.
- the company acquired the Oliver's stores from franchisee at Eastlink Outbound in Victoria on 1 August 2017.
- the company entered into a contract to acquire the land and buildings as well as the business located at Maryborough in Queensland which is scheduled to be completed in September 2017. This site is scheduled to be developed into an Oliver's Real Food Restaurant during 2017.
- the company entered into a contract to acquire a business located at Euora in NSW which is scheduled to be completed in September 2017. This site is scheduled to be developed into an Oliver's Real Food Restaurant during 2017.

## Preliminary Financial Report

The preliminary financial report of Oliver's Real Food Limited for the year ended 30 June 2017 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.



Jason Gunn  
Founder & CEO



Alan Lee  
CFO

Date: 31 August 2017

**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 2017**

		Consolidated Group	
	Note	2017 \$	2016 \$
<b>Continuing operations</b>			
Revenue	1	20,755,626	17,133,682
Other income	1	398,054	2,773,970
Raw materials and consumables used		(6,805,372)	(6,632,611)
Employee benefits expense		(8,721,549)	(6,508,678)
Administration expense		(4,772,140)	(2,901,375)
Occupancy expense		(3,033,433)	(1,962,624)
Depreciation and amortisation expense		(923,836)	(568,210)
Finance costs		(419,149)	(285,935)
Other expenses		(97,913)	(143,362)
<b>(Loss) / Profit before income tax</b>		<u>(3,619,712)</u>	<u>904,857</u>
Tax (benefit) / expense		750,863	(280,518)
<b>Net (Loss) / Profit for the year</b>		<u>(2,868,849)</u>	<u>624,339</u>
<b>Total other comprehensive income for the year</b>		<u>-</u>	<u>-</u>
<b>Total comprehensive (loss) / income for the year</b>		<u>(2,868,849)</u>	<u>624,339</u>
Net (loss) / profit attributable to:			
Members of the parent entity		(2,815,208)	662,421
Non-controlling interest		(53,641)	(38,082)
		<u>(2,868,849)</u>	<u>624,339</u>
Total comprehensive (loss) / income attributable to:			
Members of the parent entity		(2,815,208)	662,421
Non-controlling interest		(53,641)	(38,082)
		<u>(2,868,849)</u>	<u>624,339</u>
<b>Earnings per share</b>			
Basic earnings per share (cents)	3	(0.03)	0.01
Diluted earnings per share (cents)	3	(0.03)	0.01

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 2017**

		Consolidated Group	
		2017	2016
		\$	\$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
	4	6,344,096	838,598
	5	1,273,212	856,323
	6	1,340,481	947,888
	10	153,248	140,708
		<u>9,111,037</u>	<u>2,783,517</u>
<b>NON-CURRENT ASSETS</b>			
	5	-	62,500
	8	10,737,090	4,006,704
		571,982	144,029
	9	6,676,844	1,055,007
	10	428,610	367,581
		<u>18,414,526</u>	<u>5,635,821</u>
		<u>27,525,563</u>	<u>8,419,338</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
	11	2,233,286	1,823,837
	12	252,723	1,446,176
	13	308,756	58,663
		-	331,986
	14	235,515	131,858
		<u>3,030,280</u>	<u>3,792,520</u>
<b>NON-CURRENT LIABILITIES</b>			
	12	109,876	907,886
	13	158,568	307,684
		61,248	47,195
	14	345,201	250,100
		<u>674,893</u>	<u>1,512,865</u>
		<u>3,705,173</u>	<u>5,305,385</u>
		<u>23,820,390</u>	<u>3,113,953</u>
<b>EQUITY</b>			
	15	25,215,628	1,795,438
		121,883	-
		(1,681,237)	1,200,003
		<u>23,656,274</u>	<u>2,995,441</u>
		164,116	118,512
		<u>23,820,390</u>	<u>3,113,953</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 2017**

	Issued Capital	Retained Earnings	Option Reserve	Subtotal	Non- controlling interests	Total
	\$	\$	\$	\$	\$	\$
<b>Consolidated Group</b>						
<b>Balance at 1 July 2015</b>	1,008,900	537,582	-	1,546,482	(3,507)	1,542,975
<b>Comprehensive income</b>						
Profit for the year		662,421		662,421	(38,082)	624,339
<b>Total comprehensive income for the year</b>	-	662,421	-	662,421	(38,082)	624,339
<b>Transactions with owners, in their capacity as owners, and other transfers</b>						
Shares issued during the year	786,538			786,538		786,538
<b>Total transactions with owners and other transfers</b>	786,538	-	-	786,538	-	786,538
<b>Other</b>						
Non-controlling interest arising on acquisition					160,101	160,101
<b>Total Other</b>	-	-	-	-	160,101	160,101
<b>Balance at 30 June 2016</b>	1,795,438	1,200,003	-	2,995,441	118,512	3,113,953
<b>Balance at 1 July 2016</b>	1,795,438	1,200,003	-	2,995,441	118,512	3,113,953
<b>Comprehensive income</b>						
(Loss) / Profit for the year		(2,815,208)		(2,815,208)	(53,641)	(2,868,849)
<b>Total comprehensive income for the year</b>	-	(2,815,208)	-	(2,815,208)	(53,641)	(2,868,849)
<b>Transactions with owners, in their capacity as owners, and other transfers</b>						
Shares issued during the year	24,681,558			24,681,558		24,681,558
Transaction costs	(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
<b>Total transactions with owners and other transfers</b>	23,420,190	136,838	121,883	23,678,911	-	23,678,911



**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 2017**

	Issued Capital	Retained Earnings	Option Reserve	Subtotal	Non- controlling interests	Total
	\$	\$	\$	\$	\$	\$
Other						
Acquisition of non-controlling interest		(202,870)		(202,870)	99,245	(103,625)
<b>Total Other</b>	-	(202,870)	-	(202,870)	99,245	(103,625)
<b>Balance at 30 June 2017</b>	<b>25,215,628</b>	<b>(1,681,237)</b>	<b>121,883</b>	<b>23,656,274</b>	<b>164,116</b>	<b>23,820,390</b>

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 2017**

	Consolidated Group	
Note	2017	2016
	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	20,506,383	18,587,137
Interest received	6,567	7,289
Other income	50,401	57,733
Payments to suppliers and employees	(22,701,339)	(19,705,416)
Finance costs	(419,149)	(276,585)
Income tax paid	(77,376)	(48,504)
Net cash provided by (used in) operating activities	17a <u>(2,634,513)</u>	<u>(1,378,346)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of property, plant and equipment	-	5,817,179
Payment for purchase of business, net of cash acquired	(8,107,395)	(658,804)
Purchase of property, plant and equipment	<u>(4,065,116)</u>	<u>(3,306,855)</u>
Net cash provided by (used in) investing activities	<u>(12,172,511)</u>	<u>1,851,520</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of shares	23,555,000	786,538
Proceeds from borrowings	1,831,712	1,085,574
Cost of issuance of shares	(1,261,368)	-
Proceeds from exercise of options	24,000	-
Proceeds from issue of options	174,440	-
Repayment of borrowings	<u>(4,011,262)</u>	<u>(2,030,073)</u>
Net cash provided by (used in) financing activities	<u>20,312,522</u>	<u>(157,961)</u>
Net increase in cash held	5,505,498	315,213
Cash and cash equivalents at beginning of financial year	838,598	523,385
Cash and cash equivalents at end of financial year	4 <u>6,344,096</u>	<u>838,598</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 2017**

**Note 1 Revenue and Other Income**

	Note	Consolidated Group	
		2017	2016
		\$	\$
<b>(a) Revenue from continuing operations</b>			
Sales revenue			
— Revenue from sale of goods		19,893,812	15,910,162
— Franchise and royalty revenue		854,247	866,146
— Initial franchise and training fees		1,000	350,085
		<u>20,749,059</u>	<u>17,126,393</u>
Other revenue			
— interest received		6,567	7,289
Total revenue		<u>20,755,626</u>	<u>17,133,682</u>
Other income			
— Gain on disposal of property, plant and equipment		14,037	2,704,335
— Other income		203,648	69,635
— Gain on Bargain Purchase		180,369	-
Total other income		<u>398,054</u>	<u>2,773,970</u>

**Note 2 Profit for the Year**

	Note	Consolidated Group	
		2017	2016
		\$	\$
Profit before income tax from continuing operations includes the following specific expenses:			
<b>(a) Expenses</b>			
Cost of sales			
— Finance costs		6,805,372	6,632,611
Employee benefits expense		419,149	285,935
Bad and doubtful debts:			
— trade receivables		79,610	-
Rental expense on operating leases		3,033,433	1,962,624
Loss on disposal of property, plant and equipment		97,913	143,362

**Note 3 Earnings per Share**

	Consolidated Group	
	2017	2016
	\$	\$
<b>(a) Reconciliation of earnings to profit or loss</b>		
(Loss) / Profit	(2,868,849)	624,339
(Loss) / Profit attributable to non-controlling equity interest	<u>(53,641)</u>	<u>(38,082)</u>
Earnings used to calculate basic EPS	(2,815,208)	662,421
Earnings used in the calculation of dilutive EPS	(2,815,208)	662,421
<b>(b) Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS</b>		
	No.	No.
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	<u>98,733,200</u>	<u>78,067,494</u>
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	<u>98,733,200</u>	<u>78,067,494</u>
EPS		
- Basic (cents per share)	(0.03)	0.01
- Diluted (cents per share)	(0.03)	0.01

**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 2017**

**Note 4 Cash and Cash Equivalents**

	<b>Note</b>	Consolidated Group	
		2017	2016
		\$	\$
Cash at bank and on hand		6,256,466	353,505
Short-term bank deposits		87,630	485,093
		<u>6,344,096</u>	<u>838,598</u>

**Reconciliation of cash**

Cash 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	6,344,096	838,598
	<u>6,344,096</u>	<u>838,598</u>

**Note 5 Trade and Other Receivables**

	<b>Note</b>	Consolidated Group	
		2017	2016
		\$	\$
<b>CURRENT</b>			
Trade receivables		975,340	587,787
		<u>975,340</u>	<u>587,787</u>
Other receivables		297,872	181,036
Amounts receivable from related parties			
— associates		-	87,500
Total current trade and other receivables		<u>1,273,212</u>	<u>856,323</u>
<b>NON-CURRENT</b>			
Other receivables		-	62,500
Total non-current trade and other receivables		<u>-</u>	<u>62,500</u>

**Note 6 Inventories**

	<b>Note</b>	Consolidated Group	
		2017	2016
		\$	\$
<b>CURRENT</b>			
At cost:			
Raw materials and stores		1,294,623	865,767
Finished goods		45,858	82,121
		<u>1,340,481</u>	<u>947,888</u>

**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	
		2017 (%)	2016 (%)
Coffs Harbour Franchise Pty Ltd	Australia	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%	-
Oliver's Ballarat Pty Ltd	Australia	100%	-
Oliver's Boggabilla Pty Ltd	Australia	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 2017**

**Note 7 Interests in Subsidiaries**

**(a) Information about Principal Subsidiaries (Cont'd)**

Oliver's Bulahdelah Pty Ltd	Australia	100%	-
Oliver's Chinderah Franchise Pty Ltd	Australia	100%	-
Oliver's Chinderah Pty Ltd	Australia	100%	100%
Oliver's Coffs 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%	-
Oliver's Ferry Park Pty Limited	Australia	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 Haigslea Pty Ltd	Australia	100%	100%
Oliver's Halfway Creek Pty Ltd	Australia	100%	-
Olivers Hexham Pty Ltd	Australia	100%	100%
Oliver's Holbrook Pty Ltd	Australia	100%	-
Oliver's Horsham Pty Ltd	Australia	100%	-
Oliver's Lithgow Pty Ltd	Australia	100%	100%
Oliver's Maitland Road Pty Ltd	Australia	100%	-
Oliver's Maryborough Pty Ltd	Australia	100%	-
Olivers 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%	-
Oliver's Roma Street Pty Ltd	Australia	100%	100%
Oliver's Slacks Creek 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%	-
Oliver's Wyong Southbound Pty Ltd	Australia	100%	-
Retail Technology Services Pty Ltd	Australia	100%	76%
Revilo's Pty Ltd	Australia	100%	-
Silver Dog Pty Ltd	Australia	100%	100%
Slacks Creek Pty Ltd	Australia	100%	-
The Delicious & Nutritious Food Co Pty Ltd	Australia	75%	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.

**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 2017**

**(b) Acquisition of Controlled Entities**

On 1 December 2016, the company acquired all the equity issued by Revilo's Pty Limited for total consideration of \$455,416 (including 1,833,330 shares at \$0.19 each). Revilo's Pty Limited is the holding company of its wholly-owned subsidiaries: a) Coffs Harbour Franchise Pty Ltd which is the franchisee of the Oliver's franchised store; and b) Slacks Creek Pty Ltd which is the franchisee of the Oliver's Slacks Creek store.

	Note	Fair value \$
- Purchase consideration:		
- Cash		107,083
- Ordinary shares (i)	15	<u>348,333</u>
		<u>455,416</u>
<b>Less:</b>		
Property, plant and equipment		612,761
Other Net Assets		<u>23,024</u>
<b>Identifiable assets acquired and liabilities assumed</b>		<u>635,785</u>
<b>Gain on Bargain Purchase (ii)</b>		<u>(180,369)</u>

- (i) The consideration paid to acquire Revilo'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). It has been included as income in the Statement of Comprehensive Income and will not be assessable for tax purposes.
- (iii) The acquired entities' contribution of gross revenue (\$0.64 million) and earnings before interest, tax, depreciation and amortisation (EBITDA) loss (\$0.02 million) for the period from 1 December 2016 to 30 June 2017.

**(c) Transactions with Non-controlling interests in Retail Technology Services Pty Ltd**

On 1 May 2017, the company acquired a further 24% of the outstanding shares in Retail Technology Services Pty Ltd for a share consideration at a fair value of \$103,625 (i.e. 500,000 ordinary shares at \$0.20725 each). This brings the Parent entity interest in Retail Technology Services Pty Ltd to 100%.

**Note 8 Property, Plant and Equipment**

	Consolidated Group	
	2017	2016
	\$	\$
<b>LAND AND BUILDINGS</b>		
Land & Buildings	<u>1,728,642</u>	<u>69,958</u>
Total land and buildings	<u>1,728,642</u>	<u>69,958</u>
Carrying amount of all buildings had they been carried under the cost model		
<b>PLANT AND EQUIPMENT</b>		
Plant and equipment:		
At cost	5,498,523	2,148,624
Accumulated depreciation	(1,050,258)	(618,864)
Accumulated impairment losses	-	-
	<u>4,448,265</u>	<u>1,529,760</u>
Leasehold improvements		
At cost	4,441,346	2,129,449
Accumulated amortisation	(440,149)	(223,569)
	<u>4,001,197</u>	<u>1,905,880</u>
Motor Vehicles		
At cost	819,190	642,907
(Accumulated depreciation)	(260,204)	(141,801)
	<u>558,986</u>	<u>501,106</u>
Total plant and equipment	<u>9,008,448</u>	<u>3,936,746</u>
Total property, plant and equipment	<u>10,737,090</u>	<u>4,006,704</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 2017**

**Note 9 Intangible Assets**

	Consolidated Group	
	2017	2016
	\$	\$
Goodwill		
Cost	5,743,720	575,556
Accumulated impairment losses	-	-
Net carrying amount	5,743,720	575,556
Patents and Trademarks		
Cost	81,855	81,855
Accumulated amortisation and impairment losses	(52,063)	(35,692)
Net carrying amount	29,792	46,163
Computer software:		
Cost	1,844	-
Accumulated amortisation and impairment losses	(31)	-
Net carrying amount	1,813	-
Brands & IP		
Cost	612,189	110,576
Accumulated impairment losses	-	-
Net carrying amount	612,189	110,576
Customer relationships		
Cost	333,830	333,830
Accumulated amortisation	(44,500)	(11,118)
Net carrying amount	289,330	322,712
Total intangible assets	6,676,844	1,055,007

**Consolidated Group:**

	Goodwill	Patents and Trademarks	Computer Software	Brands & IP \$	Customer relationships \$	Total \$
<b>Year ended 30 June 2016</b>						
Balance at the beginning of the year	85,510	62,534	-	-	-	148,044
Additions	490,046	-	-	110,576	333,830	934,452
Disposals	-	-	-	-	-	-
Amortisation charge	-	(16,371)	-	-	(11,118)	(27,489)
Impairment losses	-	-	-	-	-	-
	575,556	46,163	-	110,576	322,712	1,055,007
<b>Year ended 30 June 2017</b>						
Balance at the beginning of the year	575,556	46,163	-	110,576	322,712	1,055,007
Additions	-	-	1,845	501,613	-	503,458
Acquisitions through business combinations	5,168,164	-	-	-	-	5,168,164
Disposals	-	-	-	-	-	-
Amortisation charge	-	(16,371)	(31)	-	(33,383)	(49,785)
Impairment losses	-	-	-	-	-	-
Closing value at 30 June 2017	5,743,720	29,792	1,814	612,189	289,329	6,676,844

Intangible assets, other than goodwill, brand and IP, have finite useful lives. The current amortisation charges for intangible assets are included under depreciation and amortisation expense per the statement of profit or loss. Goodwill, Brands and IP have an indefinite useful life.

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**(a) Buy-back of franchised stores**

During the year, the Group bought back an additional six franchised stores. It only acquired the assets in trade of the former franchised stores and the Purchase Price Allocation for the respective franchise buy-backs are summarised as follows:

<b>Date of acquisition</b>	Eastlink Inbound 23-Jan-2017	Hexham 22-Feb-2017	Wyong Northbound 7-Mar-2017	Goulburn 1-May-2017	Wyong Southbound 30-Jun-2017	Wallan Northbound 30-Jun-2017	Total
	\$	\$	\$	\$	\$	\$	\$
Consideration							
- Cash	375,000	360,000	2,800,000	750,000	1,900,000	900,000	7,085,000
- Debt forgiveness	150,000	-	-	-	-	-	150,000
- Other consideration	-	11,388	9,745	-	(385)	-	20,748
<b>Total consideration</b>	<b>525,000</b>	<b>371,388</b>	<b>2,809,745</b>	<b>750,000</b>	<b>1,899,615</b>	<b>900,000</b>	<b>7,255,748</b>
<b>Fair value of assets acquired</b>							
Property, plant & equipment	326,847	322,165	705,722	148,282	886,730	250,000	2,639,746
Goodwill	198,153	49,223	2,104,023	601,718	1,012,885	650,000	4,616,002
	<b>525,000</b>	<b>371,388</b>	<b>2,809,745</b>	<b>750,000</b>	<b>1,899,615</b>	<b>900,000</b>	<b>7,255,748</b>

The above goodwill requires additional allocation of the intangible assets with respect to re-acquired rights. The valuation exercise is still in progress and as such the above purchase price allocation is preliminary only.

The goodwill is attributable to the sales revenue of the acquired business, the synergies expected to be arise from the acquisition and strengthens the growth platform of the Group. The goodwill will not be deductible for tax purposes.

The acquired former franchised stores' contribution of gross revenue (\$2.29 million) and EBITDA (\$0.28 million) for the period from the date of acquisition to 30 June 2017.

**(b) Acquisition of businesses**

Further, the Group acquired four businesses during the year with the intention to convert the existing businesses into Oliver's Food branded stores. Summarised below are the Purchase Price Allocation for the respective businesses acquired:

<b>Date of acquisition</b>	Aratula 31-Jan-2017	Bulahdelah 1-Mar-2017	Ferry Park 31-Mar-2017	Ballarat 24-Apr-2017	Total
	\$	\$	\$	\$	\$
Consideration					
- Cash	170,000	175,000	285,000	300,000	930,000
- Other consideration	-	1,880	5,500	550	7,930
<b>Total consideration</b>	<b>170,000</b>	<b>176,880</b>	<b>290,500</b>	<b>300,550</b>	<b>937,930</b>
<b>Fair value of assets acquired</b>					
Property, plant & equipment	52,624	41,156	108,071	183,918	385,769
Goodwill	117,376	135,724	182,429	116,632	552,161
	<b>170,000</b>	<b>176,880</b>	<b>290,500</b>	<b>300,550</b>	<b>937,930</b>

The goodwill is attributable to the sales revenue of the acquired business, the synergies expected to be arise from the acquisition, and strengthens the growth platform of the Group and provides a footprint from which to grow in these new locations. The goodwill will not be deductible for tax purposes.

**Note 10 Other Assets**

	Consolidated Group 2017	2016
	\$	\$
<b>CURRENT</b>		
Prepayments	153,248	140,708
	<b>153,248</b>	<b>140,708</b>
<b>NON-CURRENT</b>		
Rent receivable	50,910	16,609
Security deposits & bonds	326,648	299,920
Other assets	51,052	51,052
	<b>428,610</b>	<b>367,581</b>



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**Note 11 Trade and Other Payables**

	<b>Note</b>	Consolidated Group	
		2017	2016
		\$	\$
<b>CURRENT</b>			
Unsecured liabilities			
Trade payables		978,519	1,208,015
Sundry payables and accrued expenses		1,254,767	615,822
		<u>2,233,286</u>	<u>1,823,837</u>

**Note 12 Borrowings**

	<b>Note</b>	Consolidated Group	
		2017	2016
		\$	\$
<b>CURRENT</b>			
Unsecured liabilities			
Lease liability		47,223	232,227
Loan from associated parties		205,500	1,213,949
Total current borrowings		<u>252,723</u>	<u>1,446,176</u>
<b>NON-CURRENT</b>			
Unsecured liabilities			
Lease liability		109,876	636,261
Loan from associated parties		-	271,625
Total non-current borrowings		<u>109,876</u>	<u>907,886</u>
Total borrowings		<u>362,599</u>	<u>2,354,062</u>

**Note 13 Other Financial Liabilities**

	Consolidated Group	
	2017	2016
	\$	\$
<b>CURRENT</b>		
Insurance Premium Funding Liability	-	55,117
Tax payable	164,000	-
Vendors - former franchised stores	119,392	
Turnover rent payable	18,218	
Other	7,146	3,546
	<u>308,756</u>	<u>58,663</u>
<b>NON-CURRENT</b>		
Security deposits	-	114,587
Provision for lease	158,568	193,097
	<u>158,568</u>	<u>307,684</u>

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**Note 14 Provisions**

	Consolidated Group	
CURRENT	2017	2016
Employee Benefits	\$	\$
	235,515	131,858
NON CURRENT	Consolidated Group	
Lease make good	2017	2016
	\$	\$
	345,201	250,100
Analysis of Total Provisions	Consolidated Group	
Current	2017	2016
Non-current	\$	\$
	235,515	131,858
	345,201	250,100
	580,716	381,958

**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.

**Note 15 Issued Capital**

	Consolidated Group	
211,522,581 (2016: 10,409) fully paid ordinary shares	2017	2016
	\$	\$
	25,215,628	1,795,438
	25,215,628	1,795,438

	Consolidated Group			
(a) Ordinary Shares	2017	2017	2016	2016
At the beginning of the reporting period	No.	\$	No.	\$
	10,409	1,795,438	10,000	1,008,900
Shares issued during the year				
— 7 July 2015 (Issue price: \$1,923.08 per share)			409	786,538
— 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		
Transaction costs on raising capital		(1,261,368)		
At the end of the reporting period	211,522,581	25,215,628	10,409	1,795,438

In November 2016, a total of 3,000,001 ordinary shares were issued to new shareholders at \$0.30 each. A further 1,833,333 ordinary shares were issued at a fair value of \$0.19 for the acquisition of 100% equity interest in Revilo's Pty Ltd.

In December 2016, a total of 3,062,500 ordinary shares were issued to new shareholders at \$0.16 each.

In February 2017, a total of 45,531,250 ordinary shares were issued to new shareholders at \$0.16 each.

In May 2017, a total of 500,000 ordinary shares were issued at a fair value of \$0.20725 each for the acquisition of 24% equity interest in Retail Technology Services Pty Ltd.

In June 2017, a total of 2,500,000 ordinary shares were issued at \$0.20 each for the acquisition of the intellectual properties of Oliver's from Taonga Nui Holdings Limited.

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**Note 15 Issued Capital (cont'd)**

In June 2017, a total of 153,000 ordinary shares were issued at \$0.20 each to employees under the employee share scheme for the IPO  
In June 2017, a total of 75,000,000 ordinary shares were issued at \$0.20 each under the IPO.  
In June 2017, 1,875,000 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.

**Note 17 Cash Flow Information**

	Consolidated Group 2017	2016
	\$	\$
<b>(a) Reconciliation of Cash Flows from Operating Activities with Profit after Income</b>		
(Loss) / Profit after income tax	(2,868,849)	624,339
Non-cash flows in profit		
Depreciation & Amortisation	923,836	577,279
Share option expenses	83,878	-
Net (gain)/loss on disposal of property, plant and equipment	83,876	(2,560,974)
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:		
(Increase)/decrease in trade and term receivables	(242,676)	(684,745)
(Increase)/decrease in prepayments	(12,540)	(72,793)
(Increase)/decrease in inventories	(392,593)	(91,894)
(Increase)/decrease other operating assets	(61,030)	(14,314)
Increase/(decrease) in trade payables and accruals	(229,496)	119,679
Increase/(decrease) in income taxes payable	(443,698)	206,295
Increase/(decrease) in deferred taxes payable	14,052	26,132
(Increase)/decrease in deferred taxes receivable	(427,953)	775
Increase/(decrease) in provisions	164,228	(95,740)
Increase/(decrease) in accruals	540,688	(3,144)
Increase/(decrease) in other operating liabilities	233,764	590,759
Cash flows from operating activities	<u>(2,634,513)</u>	<u>(1,378,346)</u>

**Note 18 Events After the Reporting Period**

Other than the following, the directors are not aware of any significant events since the end of the reporting period.

1. on 7 July 2017, the company acquired the remaining 25% equity interest in The Delicious & Nutritious Co Pty Ltd (Red Dragon), which the company already held 75% of its equity interest.
2. the company acquired the Oliver's stores from franchisee at Eastlink Outbound in Victoria on 1 August 2017.
3. the company entered into a contract to acquire the land and buildings as well as the business located at Maryborough in Queensland which is scheduled to be completed in September 2017. This site is scheduled to be developed into an Oliver's Real Food Restaurant during 2017.
4. the company entered into a contract to acquire a business located at Euora in NSW which is scheduled to be completed in September 2017. This site is scheduled to be developed into an Oliver's Real Food Restaurant during 2017.