Oliver's Australia Holdings Pty Ltd

ABN 33 166 495 441

Annual Report And Consolidated Financial Statements

30 June 2016

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Oliver's Australia Holdings Pty Ltd
Corporate directory
30 June 2016

Directors	Jason Antony Gunn Katherine Hatzis John Flower Diddams	
Company secretaries	Jason Antony Gunn Katherine Hatzis	
Registered office	Oliver's Real Food Building 10 Amsterdam Circuit Wyong NSW 2000 Australia Phone: + 61 4353 8055	
Principal place of business	Oliver's Real Food Building 10 Amsterdam Circuit Wyong NSW 2000 Australia Phone: + 61 4353 8055	
Auditor	RSM Australia Partners Level 13 60 Castlereagh Street Sydney NSW 2000 Australia	
Solicitors	Breene and Breene Level 12 111 Elizabeth Street Sydney NSW 2000 Australia	Baybridge Lawyers Level 1 109 Pitt Street Sydney NSW 2000 Australia
Bankers	Commonwealth Bank of Australia National Australia Bank	
Website	www.oliversrealfood.com.au	

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Oliver's Australia Holdings Pty Ltd (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2016.

Directors

The following persons were directors of Oliver's Australia Holdings Pty Ltd during the whole of the financial year and up to the date of this report, unless otherwise stated:

Jason Antony Gunn
Katherine Hatzis
John Flower Diddams (appointed 11th August 2016)

Principal activities

During the financial year the principal continuing activities of the consolidated entity consisted of management and franchising of Quick Service Restaurants ("QSR") under the branding of **"Oliver's Real Food"**

Dividends

No dividends were paid or proposed during the financial year

Review of operations

The profit for the consolidated entity after providing for income tax amounted to **$624,339** (*30 June 2015: $896,934*).

The company operated a total of eighteen (18) quick service restaurants throughout the year. Four (4) new restaurants opened during the financial year at the following locations:

- Oliver's Goulburn (M1)
- Oliver's Baxter (Penn Link Outbound)
- Oliver's Baxter (Penn Link Inbound)
- Oliver's Coffs Harbour

During the financial year, the restaurants at Oliver's Wallan (Northbound M31), Oliver's Goulburn (M1) and Oliver's Eastlink (Outbound M3) were sold to franchise operators. Oliver's Coffs Harbour opened as a franchise restaurant from inception.

The company has ten (10) company owned QSRs and eight (8) franchised QSRs at the following locations:

Store #	Location	State	Opened	Franchised
1	Oliver's Wyong (Northbound M1)	NSW	1 September 2005	1 April 2015
2	Oliver's Wyong (Southbound M1)	NSW	24 April 2006	1 December 2014
3	Oliver's Hexham	NSW	31 August 2009	1 July 2014
4	Oliver's Officer (Outbound M1)	VIC	20 December 2013	Company Owned
5	Oliver's Officer (Inbound M1)	VIC	28 January 2014	Company Owned
6	Oliver's Geelong (Southbound M1)	VIC	5 June 2014	Company Owned
7	Oliver's Geelong (Northbound M1)	VIC	2 July 2014	Company Owned
8	Oliver's Wallan (Northbound M31)	VIC	6 December 2014	10 August 2015
9	Oliver's Wallan (Southbound M31)	VIC	19 December 2014	Company Owned
10	Oliver's Eastlink (Inbound M3)	VIC	25 February 2015	11 May 2015
11	Oliver's Eastlink (Outbound M3)	VIC	18 April 2015	21 December 2015
12	Oliver's Gundagai (M1)	NSW	21 June 2015	Company Owned
13	Oliver's Goulburn (M1)	NSW	30 July 2015	23 September 2015
14	Oliver's Baxter (Penn Link Outbound)	VIC	16 September 2015	Company Owned
15	Oliver's Coffs Harbour	NSW	1 December 2015	1 December 2015
16	Oliver's Baxter (Penn Link Inbound)	VIC	9 January 2016	Company Owned
17	Oliver's Albury (Lavington)	NSW	25 January 2016	Company Owned
18	Oliver's Lithgow Bowenfels	NSW	1 June 2016	Company Owned

The company also operates warehouses and central kitchens at Wyong, Melbourne and Queensland.

The company's head office is located at Wyong incorporated within the warehouse building. Head office functions include administration, finance, marketing, product develop, information technology and franchise operations and sales.

On 1 March 2016, the business assets of organic beverage producer "Red Dragon Organics" were acquired by The Delicious and Nutritious Food Co Pty Ltd. Prior to acquisition, the Delicious and Nutritious Food Co Pty Ltd sold 25% of its issued capital to Graham Andrew Darroch. Red Dragon Organics manufactures a range of Organic beverages branded as "Red Dragon" in addition to Oliver's Real Food co-branded product distributed throughout the Oliver's network.

Significant changes in the state of affairs
There were no significant changes in the state of affairs of the consolidated entity during the financial year.

Matters subsequent to the end of the financial year
On 1 August 2016 the Company entered into a contract to purchase a plot of land at Wyong for $554,048. This site opposite the current Head Office and Warehouse will be developed into a new central kitchen facility. No building contract had been entered into at the date of signing this report.

Likely developments and expected results of operations
Nil to report

Environmental regulation
The consolidated entity is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Company secretary
Jason Antony Gunn has held the role of Company Secretary since 29 October 2013.
Katherine Hatzis was appointed as alternate Company Secretary on 1 September 2016.

Additional information
The Earnings Before Interest, Tax, Depreciation and Amortisation* ("EBITDA") of the consolidated entity for the two years to 30 June 2016 are summarised below:

	2016 $	2015 $
Revenue from continuing operations	**17,203,317**	12,753,498
Profit After Tax	**624,339**	89,694
Add Back:		
Income Tax	**280,518**	896,694
Interest Expense	**276,685**	226,634
Depreciation	**684,082**	375,278
Amortisation	**36,558**	24,585
EBITDA	**1,902,082**	1,613,125
	11.1%	*12.7%*

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

	2016 $	2015 $
Total Transaction Volume ("TTV")	**22,960,544**	14,416,685

Total Transaction Value ("TTV") represents gross customer sales from all Oliver's Real Food restaurants (either company owned and operated or franchised). The directors consider TTV to reflect the overall sales of the Oliver's Real Food group and an important measurement of market penetration share and overall performance of the Oliver's Real Food brand.

Shares under option
On 11 August 2016 (subsequent to the end of the financial year), 400 shares with an exercise price of $100 (and an option expiry date of 2019) were issued to Whitfield Investments Pty Ltd, a company associated with John F. Diddams, a director of the Company.

The Options have certain vesting conditions related to a possible future Initial Public Offering of the Company.

The Company intends to implement an executive option and employee incentive plan in the future.

Indemnity and insurance of officers
The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

Indemnity and insurance of auditor
The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

Non-audit services

There are no amounts paid or payable to the auditor for non-audit services during the financial year as outlined in note 33 to the financial statements.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

Auditor

RSM Australia Partners continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

Jason Antony Gunn
Director

25 November 2016
Wyong

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Oliver Australia Holdings Pty Ltd for the year ended 30 June 2016, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

RSM

RSM AUSTRALIA PARTNERS

D Talbot

David Talbot
Partner

Sydney, NSW
Dated: 25 November 2016

Contents

General information

The financial statements cover Oliver's Australia Holdings Pty Ltd as a consolidated entity consisting of Oliver's Australia Holdings Pty Ltd and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Oliver's Australia Holdings Pty Ltd's functional and presentation currency.

Oliver's Australia Holdings Pty Ltd is private company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office

Oliver's Real Food Building
10 Amsterdam Circuit
Wyong NSW 2000
Australia
Phone: + 61 4353 8055

Principal place of business

Oliver's Real Food Building
10 Amsterdam Circuit
Wyong NSW 2000
Australia
Phone: + 61 4353 8055

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 14 November 2016. The directors have the power to amend and reissue the financial statements.

Oliver's Australia Holdings Pty Ltd
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2016

	Note	Consolidated 2016 $	2015 $
Revenue from continuing operations	4	**17,203,317**	12,753,498
Other income	5	**2,704,335**	1,840,565
Expenses			
Raw materials and consumables used	6	**(6,632,611)**	(4,010,004)
Employee benefits expense	6	**(6,508,678)**	(5,642,745)
Other Administration Expenses	6	**(4,858,181)**	(3,324,190)
Depreciation and amortisation expense	6	**(720,640)**	(399,862)
Finance costs	6	**(282,685)**	(230,633)
Profit before income tax expense		**904,857**	986,627
Income tax expense	7	**(280,518)**	(89,694)
Profit after income tax expense for the year		**624,339**	896,933
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		**624,339**	896,933
Profit for the year is attributable to:			
Non-controlling interest	28	**(38,082)**	(3,531)
Owners of Oliver's Australia Holdings Pty Ltd	27	**662,421**	900,464
		624,339	896,933

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Oliver's Australia Holdings Pty Ltd
Statement of financial position
As at 30 June 2016

	Note	2016 $	Consolidated 2015 $	2014 $
Assets				
Current assets				
Cash and cash equivalents	8	**838,598**	523,385	535,390
Trade and other receivables	9	**856,323**	318,944	16,921
Inventories	10	**947,888**	855,994	368,286
Other	11	**140,708**	67,915	23,830
Total Current Assets		**2,783,517**	1,766,238	944,427
Non-current assets				
Receivables	12	**62,500**	137,500	64,316
Property, plant and equipment	13	**4,006,704**	4,496,782	3,042,771
Intangibles	14	**1,055,007**	148,044	14,750
Deferred tax	15	**144,029**	144,804	-
Other	16	**367,581**	205,901	70,250
Total non-current assets		**5,635,821**	5,133,031	3,192,087
Total assets		**8,419,338**	6,899,269	4,136,514
Liabilities				
Current liabilities				
Trade and other payables	17	**1,823,837**	1,687,701	821,363
Borrowings	18	**1,446,176**	1,279,389	1,080,000
Income tax	19	**331,986**	125,691	105,094
Employee benefits	20	**131,858**	313,698	262,519
Other	21	**58,663**	21,986	(3,695)
Total current liabilities		**3,792,520**	3,428,465	2,265,281
Non-current liabilities				
Borrowings	22	**907,886**	1,540,059	2,119,112
Deferred tax	23	**47,195**	21,063	-
Other liabilities	24	**307,684**	202,708	106,103
Provisions	25	**250,100**	164,000	-
Total non-current liabilities		**1,512,865**	1,927,830	2,225,215
Total liabilities		**5,305,385**	5,356,295	4,490,496
Net assets / (liabilities)		**3,113,953**	1,542,974	(353,982)
Equity				
Issued capital	26	**1,795,438**	1,008,900	8,900
Retained profits	27	**1,200,003**	537,582	(362,882)
Equity attributable to the owners of Oliver's Australia Holdings Pty Ltd		**2,995,441**	1,546,482	(353,982)
Non-controlling interest	28	**118,512**	(3,507)	-
Total equity		**3,113,953**	1,542,975	(353,982)

The above statement of financial position should be read in conjunction with the accompanying notes

Oliver's Australia Holdings Pty Ltd
Statement of changes in equity
For the year ended 30 June 2016

Consolidated	Issued capital $	Retained profits $	Non-controlling interest $	Total equity $
Balance at 1 July 2014	**8,900**	**(362,882)**	**24**	**(353,958)**
Profit/(loss) after income tax expense for the year	-	900,464	(3,531)	896,933
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	900,464	(3,531)	896,933
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 26)	1,000,000	-	-	1,000,000
Balance at 30 June 2015	**1,008,900**	**537,582**	**(3,507)**	**1,542,975**

Consolidated	Issued capital $	Retained profits $	Non-controlling interest $	Total equity $
Balance at 1 July 2015	1,008,900	537,582	(3,507)	1,542,975
Profit/loss) after income tax expense for the year	-	662,421	(38,082)	624,339
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	662,421	(38,082)	624,339
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 26)	786,538	-	-	786,538
Non-controlling interest arising on acquisition	-	-	160,101	160,101
Balance at 30 June 2016	**1,795,438**	**1,200,003**	**118,512**	**3,115,953**

The above statement of changes in equity should be read in conjunction with the accompanying notes

Oliver's Australia Holdings Pty Ltd
Statement of cash flows
For the year ended 30 June 2016

	Note	Consolidated 2016 $	2015 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		**18,587,137**	17,646,696
Payments to suppliers and employees (inclusive of GST)		**(19,705,416)**	(17,204,338)
		(1,118,279)	442,358
Interest received		**7,289**	5,066
Other revenue		**57,733**	54,410
Interest and other finance costs paid		**(276,585)**	(226,634)
Income taxes paid		**(48,504)**	(90,332)
Net cash from operating activities	38	**(1,378,346)**	184,868
Cash flows from investing activities			
Payment for purchase of business, net of cash acquired	36	**(658,804)**	(133,294)
Payments for property, plant and equipment		**(3,306,855)**	(3,826,804)
Proceeds from sale of property, plant and equipment		**5,817,179**	3,361,706
Net cash used in investing activities		**1,851,520**	(598,392)
Cash flows from financing activities			
Proceeds from issue of shares		**786,538**	1,000,000
Proceeds from borrowings		**1,085,574**	980,000
Repayment of borrowings		**(2,030,073)**	(1,578,481)
Net cash used in financing activities		**(157,961)**	401,519
Net increase/(decrease) in cash and cash equivalents		**315,213**	(12,005)
Cash and cash equivalents at the beginning of the financial year		**523,385**	535,390
Cash and cash equivalents at the end of the financial year	8	**838,598**	523,385

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The financial statements are the first set of financial statements produced for the company and the group under Australian Accounting Standards. No previous financial statements have been prepared for the company or the group.

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

New, revised or amending Accounting Standards and Interpretations adopted

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 52.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Oliver's Australia Holdings Pty Ltd ('company' or 'parent entity') as at 30 June 2016 and the results of all subsidiaries for the year then ended. Oliver's Australia Holdings Pty Ltd and its subsidiaries together are referred to in these financial statements as the 'consolidated entity' or 'Oliver's Group'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Note 1. Significant accounting policies (continued)

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Operating segments
Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Foreign currency translation
The financial statements are presented in Australian dollars, which is Oliver's Australia Holdings Pty Ltd's functional and presentation currency

Revenue recognition
Revenue is recognised when it is probable that the economic benefit will flow to the consolidated entity and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Sale of goods
Sale of goods revenue is recognised at the point of sale, which is where the customer has taken delivery of the goods, the risks and rewards are transferred to the customer and there is a valid sales contract. Amounts disclosed as revenue are net of sales returns and trade discounts.

Franchise fee revenue
Revenue from franchise operations includes initial franchise, documentation and training fees generated from sales of franchises to franchisees. These are recognised directly in the accounting period in which the franchise is sold.

Ongoing franchise fees consist of franchise fees and royalty fees. These ongoing fees are recognised in the accounting period in which they are generated.

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

Income tax
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:
- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Note 1. Significant accounting policies (continued)

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Oliver's Australia Holdings Pty Ltd (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

Trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Note 1. Significant accounting policies (continued)

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the consolidated entity will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Other receivables are recognised at amortised cost, less any provision for impairment.

Inventories
Raw materials, work in progress and finished goods are stated at the lower of cost and net realisable value on a 'first in first out' basis. Cost comprises of direct materials and delivery costs, direct labour, import duties and other taxes, an appropriate proportion of variable and fixed overhead expenditure based on normal operating capacity, and, where applicable, transfers from cash flow hedging reserves in equity. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable.

Stock in transit is stated at the lower of cost and net realisable value. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Property, plant and equipment
Land and buildings are shown at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Buildings	40 years
Leasehold improvements	3-15 years
Plant and equipment	3-7 years
Plant and equipment under lease	2-5 years

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

Leasehold improvements and plant and equipment under lease are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

Leases
The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to the ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Note 1. Significant accounting policies (continued)

Finance leases are capitalised. A lease asset and liability are established at the fair value of the leased assets, or if lower, the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

Leased assets acquired under a finance lease are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the consolidated entity will obtain ownership at the end of the lease term.

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

Intangible assets
Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the de-recognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill
Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Brands
Brands are not amortised. Instead, brands are tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Patents and trademarks
Significant costs associated with patents and trademarks are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 years.

Customer contracts
Customer contracts acquired in a business combination are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 10 years.

Software
Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 years.

Impairment of non-financial assets
Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Note 1. Significant accounting policies (continued)

Trade and other payables
These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings
Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

The component of the convertible notes that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs.

On the issue of the convertible notes the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a non-current liability on the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognised as a finance cost. The remainder of the proceeds are allocated to the conversion option that is recognised and included in shareholders equity as a convertible note reserve, net of transaction costs. The carrying amount of the conversion option is not remeasured in the subsequent years. The corresponding interest on convertible notes is expensed to profit or loss.

Finance costs
Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Provisions
Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Employee benefits

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits
The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Superannuation expense
Contributions to made by the consolidated group to employee superannuation funds in accordance with The Superannuation Guarantee (Administration) Act (1992) are expensed in the period in which they are incurred.

Fair value measurement
When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Note 1. Significant accounting policies (continued)

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Issued capital
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Dividends
Dividends are recognised when declared during the financial year and no longer at the discretion of the company.

Business combinations
The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Note 1. Significant accounting policies (continued)

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

New Accounting Standards and Interpretations not yet mandatory or early adopted
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2016. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

AASB 9 Financial Instruments
This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI'). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures. The consolidated entity will adopt this standard from 1 July 2018 but the impact of its adoption is yet to be assessed by the consolidated entity.

Note 1. Significant accounting policies (continued)

AASB 15 Revenue from Contracts with Customers
This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgments made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The consolidated entity will adopt this standard from 1 July 2018 but the impact of its adoption is yet to be assessed by the consolidated entity.

AASB 16 Leases
This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured as the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The consolidated entity will adopt this standard from 1 July 2019 but the impact of its adoption is yet to be assessed by the consolidated entity.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Provision for impairment of receivables
The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the recent sales experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtor's financial position.

Provision for impairment of inventories
The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

Estimation of useful lives of assets
The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Goodwill and other indefinite life intangible assets
The consolidated entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 1. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

Note 2. Critical accounting judgements, estimates and assumptions (continued)

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets
The consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Recovery of deferred tax assets
Deferred tax assets are recognised for deductible temporary differences only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Employee benefits provision
As discussed in note 1, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Lease make good provision
A provision has been made for the present value of anticipated costs for future restoration of leased premises. The provision includes future cost estimates associated with closure of the premises. The calculation of this provision requires assumptions such as application of closure dates and cost estimates.

The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for sites are recognised in the statement of financial position by adjusting the asset and the provision. Reductions in the provision that exceed the carrying amount of the asset will be recognised in profit or loss.

Business combinations
As discussed in note 1, business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the consolidated entity taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported.

Note 3. Operating segments

Identification of reportable operating segments
The consolidated entity operates exclusively in the Quick Service Restaurant ("QSR") segment in Australia.

Note 4. Revenue

	Consolidated	
	2016	**2015**
	$	**$**
From continuing operations		
Sales revenue		
Sales by company operated restaurants	**15,910,162**	12,228,391
Initial franchise and training Fees	**350,085**	223,245
Franchise and royalty revenue	**866,146**	240,090
	17,126,393	12,691,726
Other revenue		
Interest	**7,289**	5,066
Other revenue	**69,635**	56,706
	76,924	61,772
Revenue from continuing operations	**17,203,317**	12,753,498

Note 5. Other income

	Consolidated	
	2016	**2015**
	$	**$**
Net gain on disposal of property, plant and equipment	**831,823**	1,840,565
Net gain on disposal of land and buildings	**1,872,512**	-
Other income	**2,704,335**	1,840,565

During the year ended 30 June 2016, the consolidated entity sold land and buildings at Albury (NSW) and Gundagai (NSW). As part of the transaction, the consolidated entity entered into sub leases for those premises which are occupied by QSRs.

In addition, the consolidated entity sold plant and equipment at Goulburn, Wallan Northbound and Eastlink Outbound to Franchise operators and entered into Franchise License Agreements with those various Franchisees.

Note 6. Expenses

	Consolidated 2016 $	Consolidated 2015 $
Profit before income tax from continuing operations includes the following specific expenses:		
Cost of sales		
Cost of sales	**6,632,611**	4,010,004
Total cost of sales	**6,632,611**	4,010,004
Employee benefits		
Superannuation contribution expense	**496,688**	439,234
Salaries, wages and other employee costs	**6,010,990**	5,203,511
Total employee benefits	**6,508,678**	5,642,745
Administration Expenses		
Advertising and Marketing	**216,429**	321,388
Consulting Fees	**557,632**	79,267
Freight and Cartage	**221,023**	96,477
Royalties	**229,882**	144,713
Rent and Outgoings	**1,481,675**	1,121,003
Other	**2,151,540**	1,561,342
Total administration expenses	**4,858,181**	3,324,190
Depreciation		
Leasehold improvements	**147,440**	150,124
Plant and equipment	**329,715**	189,602
Plant and equipment under lease	**63.566**	33,747
Loss on sale of fixed assets	**143,361**	1,805
Total depreciation	**684,082**	375,278
Amortisation		
Patents and trademarks	**16,371**	19,321
Customer contracts	**11,118**	-
Borrowing Costs	**9,069**	5,263
Total amortisation	**36,558**	24,584
Total depreciation and amortisation	**720,640**	399,862
Finance costs		
Interest and finance charges paid/payable	**241,252**	226,634
Finance costs associated with lease liability recognition	**41,433**	4,000
Finance costs expensed	**282,685**	230,634

Note 7. Income tax expense

	Consolidated 2016 $	Consolidated 2015 $
Income tax expense		
Current tax	**255,517**	213,435
Deferred tax - origination and reversal of temporary differences	**25,001**	(123,741)
Adjustment recognised for prior periods	**-**	-
Aggregate income tax expense	**280,518**	89,694
Income tax expense is attributable to:		
Profit from continuing operations	**280,518**	89,694
Profit from discontinued operations	**-**	-
Aggregate income tax expense	**280,518**	89,694
Deferred tax included in income tax expense comprises:		
Increase / (decrease) in deferred tax assets (note 24)	**(775)**	144,804
(Increase) / decrease in deferred tax liabilities (note 35)	**(26,132)**	(21,063)
Deferred tax - origination and reversal of temporary differences	**(26,907)**	123,741
Numerical reconciliation of income tax expense and tax at the statutory rate		
Profit before income tax expense from continuing operations	**904,857**	986,628
	904,857	986,628
Tax at the statutory tax rate of 30%	**271,457**	295,988
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Entertainment expenses	**-**	-
Other non-deductible	**9,061**	(109,150)
Adjustment recognised for prior periods	**-**	(97,144)
Income tax expense	**280,518**	89,694

Note 8. Current assets - cash and cash equivalents

	Consolidated 2016 $	Consolidated 2015 $
Cash on hand	**45,360**	36,877
Cash at bank	**307,816**	477,050
Cash on deposit	**485,093**	-
Restricted cash – national marketing fund	**329**	9,458
	838,598	523,385

Note 9. Current assets - trade and other receivables

	Consolidated 2016 $	Consolidated 2015 $
Trade receivables	**587,787**	160,161
Less: Provision for impairment of receivables	**-**	-
	587,787	160,161
Other receivables	**181,036**	146,283
Loans receivable	**87,500**	12,500
	856,323	318,944

Impairment of receivables
No provision has been made in respect of impairment of receivables for the year ended 30 June 2016 (2015: Nil) as no debts are considered bad or doubtful.

Past due but not impaired
Customers with balances past due but without provision for impairment of receivables amount to **$239,935** as at 30 June 2016 ($111,303 as at 30 June 2015).

The consolidated entity did not consider a credit risk on the aggregate balances after reviewing the credit terms of customers based on recent collection practices.

The ageing of the past due but not impaired receivables are as follows:

	Consolidated 2016 $	Consolidated 2015 $
0 to 3 months overdue	**127,539**	22,993
3 to 6 months overdue	**112,396**	88,310
Over 6 months overdue	**-**	-
	239,935	111,303

Note 10. Current assets - inventories

	Consolidated	
	2016	**2015**
	$	**$**
Raw materials	**865,767**	774,525
Finished goods	**82,121**	81,469
	947,888	855,994

Note 11. Current assets - other

	Consolidated	
	2016	**2015**
	$	**$**
Prepayments	**140,708**	67,915
	140,708	67,915

Security deposits and bonds represent restricted deposits made to cover bank guarantees issued to landlords of leased various restaurants, kitchen and warehouse sites in accordance with the various lease agreements.

Note 12. Non-current assets - receivables

	Consolidated	
	2016	**2015**
	$	**$**
Other receivables	**62,500**	137,500

During the financial year ended 30 June 2016, the company operated restaurant at East Link Inbound was sold to a franchise operator. A condition of the sale and franchise agreement was the granted of a term loan of $150,000 (Vendor Finance). The loan is due to be repaid by 10 May 2018. $62,500 represents that portion of the loan which is to be repaid within 12 months. This receivable is not past due nor impaired. The effect of discounting is considered not to be material.

Note 13. Non-current assets - property, plant and equipment

	Consolidated	
	2016	**2015**
	$	**$**
Land & Buildings		
Land & Buildings - At Cost	**69,958**	1,537,822
Less: Accumulated Depreciation	**-**	-
	69,958	1,537,822

The land value at 30 June 2016 is attributed to a site and improvements at Coonalpyn (South Australia). This site and the existing building is scheduled to be developed into an Oliver's Real Food Restaurant during the year ended 30 June 2017.

During the year ended 30 June 2015, land and buildings located at Gundagai NSW was acquired and subsequently sold in the year ended 30 June 2016.

During the year ended 30 June 2015, land and buildings located at Albury NSW was acquired and subsequently sold in that year.

	2016	**2015**
	$	**$**
Plant & Equipment		
Plant & Equipment – at cost	**2,148,624**	1,670,393
Less: Accumulated Depreciation	**(618,864)**	(351,303)
	1,529,760	1,319,090
Leasehold Improvements – at cost	**2,129,449**	1,517,511
Less: Accumulated Depreciation	**(223,569)**	(117,078)
	1,905,880	1,400,433
Motor Vehicles – at cost	**642,907**	317,674
Less: Accumulated Depreciation	**(141,801)**	(78,237)
	501,106	239,437
Total Plant & Equipment – at cost	**4,920,980**	3,505,578
Less: Accumulated Depreciation	**(984,234)**	(546,618)
	3,936,746	2,958,960
Total Property, Plant & Equipment	**4,990,938**	5,043,400
Less: Accumulated Depreciation	**(984,234)**	(546,618)
	4,006,704	4,496,782

Note 13. Non-current assets - property, plant and equipment (continued)

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Land & Buildings	Plant & Equipment	Leasehold Improvements	Motor Vehicles	Total
Consolidated	$	$	$	$	$
Balance at 1 July 2014	**69,958**	**525,372**	**1,845,998**	**235,911**	**2,677,239**
Additions	1,467,864	1,144,413	966,526	37,273	3,616,076
Disposals	-	(161,093)	(1,261,967)	-	(1,423,060)
Depreciation expense		(189,603)	(150,124)	(37,746)	(373,473)
Balance at 30 June 2015	**1,537,822**	**1,319,090**	**1,400,433**	**239,437**	**4,496,782**
Additions	-	965,560	1,155,779	325,235	2,446,573
Disposals	(1,467,864)	(425,174)	(502,892)	-	(2,395,930)
Depreciation expense	-	(329,715)	(147,440)	(63,566)	(540,721)
Balance at 30 June 2016	**69,958**	**1,529,761**	**1,905,880**	**501,106**	**4,006,704**

Property, plant and equipment secured under finance leases
Refer to note 39 for further information on property, plant and equipment secured under finance leases.

Note 14. Non-current assets - intangibles

	Consolidated 2016 $	Consolidated 2015 $
Brands	**110,576**	-
Less: provision for impairment	**-**	-
	110,576	-
Customer relationships	**333,830**	-
Less: Accumulated Amortisation	**(11,118)**	-
	322,712	-
Goodwill	**575,556**	85,510
Less: provision for impairment	**-**	-
	575,556	85,510
Patents and trademarks - at cost	**81,855**	81,855
Less: Accumulated amortisation	**(36,692)**	(19,321)
	46,163	62,534
	1,055,007	148,044

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Brands $	Customer Relation-ships $	Goodwill Other $	Patents and trademarks $	Total $
Balance at 1 July 2014	-	-	-	**14,750**	**14,750**
Additions through business combinations (note 38)	-	-	85,510	67,105	152,615
Amortisation expense	-	-	-	(19,321)	(19,321)
Balance at 30 June 2015	-	-	**85,510**	**62,534**	**148,044**
Additions through business combinations (note 38)	110,576	333,830	490,046	-	934,452
Impairment of assets	-	-	-	-	-
Amortisation expense	-	(11,118)	-	(16,371)	(27,489)
Balance at 30 June 2016	**110,576**	**322,712**	**575,556**	**46,163**	**1,055,007**

Impairment testing

The recoverable amount of the consolidated entity's goodwill has been determined by a fair value less cost to sell calculation using a discounted cash flow model, based on a 2-year projection period approved by management and extrapolated for a further 8 years using a steady rate, together with a terminal value.

Key assumptions are those to which the recoverable amount of an asset or cash-generating units is most sensitive.

Note 14. Non-current assets – intangibles (continued)

The following key assumptions were used in the discounted cash flow model for the Owned Restaurants division:
(a) 17.0% (2015: Nil%) pre-tax discount rate;
(b) 5.7% (2015: Nil%) per annum projected revenue growth rate;
(c) 4.5% (2015: Nil%) per annum increase in operating costs and overheads.

The discount rate of 17.0% pre-tax reflects management's conservative estimate of the time value of money and the consolidated entity's weighted average cost of capital adjusted for the risk free rate and the volatility of the share price relative to market movements.

Management believes the projected 5.7% revenue growth rate is prudent and justified, based on the general growth of the overall organic beverage market and the increase in Oliver's QSRs purchasing the Red Dragon Organics Product.

Sensitivity
As disclosed in note 2, the directors have made judgements and estimates in respect of impairment testing of goodwill. Should these judgements and estimates not occur the resulting goodwill carrying amount may decrease. The sensitivities are as follows:
(a) Revenue would need to decrease by more than 3.0% before goodwill would need to be impaired, with all other assumptions remaining constant.
(b) The discount rate would be required to increase by 2.2% before goodwill would need to be impaired, with all other assumptions remaining constant.

Management believes that other reasonable changes in the key assumptions on which the recoverable amount the consolidated group's goodwill is based would not cause the cash-generating unit's carrying amount to exceed its recoverable amount.

If there are any negative changes in the key assumptions on which the recoverable amount of goodwill is based, this would result in an impairment charge for the Owned Restaurants division's goodwill.

Note 15. Non-current assets - deferred tax

	Consolidated	
	2016	**2015**
	$	**$**
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Employee benefits	**39,557**	94,110
Provision for future lease expense	**57,929**	13,085
Superannuation not paid in financial year	**36,341**	33,358
Depreciation on make good	**7,172**	3,051
Unwinding of discount	**3,030**	1,200
Deferred tax asset	**144,029**	144,804
Movements:		
Opening balance	**144,804**	-
Credited to profit or loss (note 9)	**(775)**	144,804
Closing balance	**144,029**	144,804

Note 16. Non-current assets - other

	Consolidated 2016 $	Consolidated 2015 $
Rent receivable	**16,609**	2,295
Security deposits & bonds	**299,920**	152,554
Other assets	**51,052**	51,052
	367,581	205,901

Note 17. Current liabilities - trade and other payables

	Consolidated 2016 $	Consolidated 2015 $
Trade payables	**1,208,015**	1,088,300
Accruals	**297,112**	300,256
Other	**318,710**	299,145
	1,823,837	1,687,701

Refer to note 30 for further information on financial instruments.

Note 18. Current liabilities - borrowings

	Consolidated 2016 $	Consolidated 2015 $
Vendor Finance	**407,500**	-
Lease liability	**232,227**	199,389
Other borrowings	**200,000**	200,000
Loans from related parties	**606,449**	
Bank loans	**-**	880,000
	1,446,176	1,279,389

Refer to note 29 for further information on assets pledged as security and financing arrangements.

Refer to note 29 for further information on financial instruments.

Note 19. Current liabilities - income tax

	Consolidated 2016 $	Consolidated 2015 $
Provision for income tax	**331,986**	125,691

Note 20. Current liabilities - employee benefits

	Consolidated	
	2016	2015
	$	$
Employee benefits	**131,958**	313,698

Amounts not expected to be settled within the next 12 months
The current provision for employee benefits includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount is presented as current, since the consolidated entity does not have an unconditional right to defer settlement. However, based on past experience, the consolidated entity does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

The following amounts reflect leave that is not expected to be taken within the next 12 months:

	Consolidated	
	2016	2015
	$	$
Employee benefits obligation expected to be settled after 12 months	-	-

Note 21. Current liabilities - other

	Consolidated	
	2016	2015
	$	$
Insurance Premium Funding Liability	**55,117**	19,354
Other	**3,546**	2,632
	58,663	21,986

Note 22. Non-current liabilities - borrowings

	Consolidated	
	2016	2015
	$	$
Bank loans	-	980,000
Vendor Finance	**271,625**	200,000
Lease liability	**636,261**	360,059
	907,886	1,540,059

Refer to note 29 for further information on financial instruments.

Note 22. Non-current liabilities – borrowings (continued)

Total secured liabilities
The total secured liabilities (current and non-current) are as follows:

	Consolidated 2016 $	Consolidated 2015 $
Bank loans	-	1,860,000
Lease liability	**636,261**	360,059
	636,261	2,220,059

The lease liabilities are effectively secured as the rights to the leased assets, recognised in the statement of financial position, revert to the lessor in the event of default.

Financing arrangements
Unrestricted access was available at the reporting date to the following lines of credit:

	Consolidated 2016 $	Consolidated 2015 $
Total facilities		
Bank overdraft	-	-
Bank loans	-	1,860,000
	-	1,860,000
Used at the reporting date		
Bank overdraft	-	-
Bank loans	-	1,860,000
	-	1,860,000
Unused at the reporting date		
Bank overdraft	-	-
Bank loans	-	-
	-	-

Note 23. Non-current liabilities - deferred tax

	Consolidated 2016 $	2015 $
Deferred tax liability comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Prepayments	**42,212**	20,375
Rent Receivable	**4,983**	688
Deferred tax liability	**47,195**	21,063
Movements:		
Opening balance	**21,063**	-
Charged/(credited) to profit or loss (note 9)	**26,132**	21,063
Charged to equity (note 9)	**-**	-
Additions through business combinations (note 53)	**-**	-
Closing balance	**47,195**	21,063

Note 24. Non-current liabilities - other

	Consolidated 2016 $	2015 $
Security deposits	**114,587**	159,091
Accruals	**193,097**	43,617
	307,684	202,708

Note 25. Non-current liabilities - provisions

	Consolidated 2016 $	2015 $
Lease make good provision	**250,100**	164,000
	250,100	164,000

Lease make good
The provision represents the present value of the estimated costs to make good the premises leased by the consolidated entity at the end of the respective lease terms.

Note 25. Non-current liabilities – provisions (continued)

Movements in provisions
Movements in each class of provision during the current financial year, other than employee benefits, are set out below:

	Consolidated	
Lease make good	**2016** $	**2015**
Carrying amount at the start of the year	**164,000**	105,000
Additional provisions recognised	**80,100**	55,000
Amounts transferred to current	-	-
Unwinding of discount	**6,100**	4,000
Carrying amount at the end of the year	**250,100**	164,000

Note 26. Equity - issued capital

	Consolidated			
	2016 Shares	**2015 Shares**	**2016 $**	**2015 $**
Ordinary shares - fully paid	**10,409**	10,000	**1,795,438**	1,009,000

Movements in ordinary share capital

Details	**Date**	**No of shares**	**Issue price**	**$**
Balance	1 July 2014	8,900	*$1.00*	8,900
Issue of shares	24 July 2014	1,100	*$909.09*	1,000,000
Balance	**30 June 2015**	**10,100**		**1,008,900**
Issue of shares	7 July 2015	409	*$1,923.08*	786,538
Balance	**30 June 2016**	**10,509**		**1,795,438**

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Capital risk management
The consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Note 26. Equity - issued capital (continued)

The consolidated entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current company's share price at the time of the investment. The consolidated entity is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

The consolidated entity is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

Note 27. Equity - retained profits

	Consolidated	
	2016	2015
	$	$
Retained profits at the beginning of the financial year	**537,582**	(362,882)
Profit after income tax expense for the year	**662,421**	900,464
Retained profits at the end of the financial year	**1,200,003**	537,582

Note 28. Equity - non-controlling interest

Non-controlling interests have a 25.0% (*2015: 0.0%*) equity holding in Delicious and Nutritious Food Co Pty Ltd

Non-controlling interests have a 24.0% (*2015: 24.0%*) equity holding in Retail Technology Services Pty Ltd

Note 29. Financial instruments

Financial risk management objectives
The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits. Finance identifies and evaluates financial risks within the consolidated entity's operating units. Finance reports to the Board on a monthly basis.

Note 29. Financial instruments (continued)

Market risk

Price risk
The consolidated entity is not exposed to any significant price risk.

Interest rate risk
The consolidated entity's main interest rate risk arises from long-term borrowings. Borrowings obtained at variable rates expose the consolidated entity to interest rate risk. Borrowings obtained at fixed rates expose the consolidated entity to fair value risk. The policy is to maintain approximately 60% of current borrowings at fixed rates using interest rate swaps to achieve this when necessary.

Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The consolidated entity obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral.

Liquidity risk
Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Financing arrangements
There are no unused borrowing facilities in 2016 and 2015

Note 29. Financial instruments (continued)

Remaining contractual maturities
The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 2016	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade payables	-	1,208,015	-	-	-	1,208,015
Other payables	-	615,822	-	-	-	615,822
Loans from related parties	-	-	116,000	-	-	116,000
Other loans	-	200,000	-	-	-	200,000
Interest-bearing - fixed rate						
Loans from related parties	16.4%	606,449	-	-	-	606,449
Vendor finance	6.9%	407,500	155,625	-	-	563,125
Lease liability	17.2%	232,227	176,074	460,187	-	868,488
Total non-derivatives		**3,270,013**	**447,699**	**460,187**	-	**4,177,899**

Consolidated - 2015	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade payables	-	1,136,015	-	-	-	1,136,015
Other payables	-	599,400	-	-	-	599,400
Other loans	-	200,000	-	-	-	200,000
Interest-bearing - fixed rate						
Bank loans	6.0%	880,000	980,000	-	-	1,860,000
Vendor finance	5.0%	-	200,000	-	-	200,000
Lease liability	12.6%	199,389	148,472	211,587	-	559,448
Total non-derivatives		**3,014,804**	**1,328,472**	**211,587**	-	**4,554,863**

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments
Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Note 30. Key management personnel disclosures

Compensation
The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	Consolidated	
	2016	2015
	$	$
Short-term employee benefits	**877,889**	524,187
Post-employment benefits	**83,109**	49,798
	960,998	573,985

Note 31. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by RSM Australia Pty Ltd, the auditor of the company, its network firms and unrelated firms:

	Consolidated	
	2016	2015
	$	$
Audit services – RSM Australia Partners		
Audit of the financial statements	**75,000**	-

There are no amounts paid or payable to the auditor for non-audit services during the financial year.

Note 32. Contingent liabilities

The consolidated entity has given bank guarantees as at 30 June 2016 of $162,188 (2015: $112,000) to various landlords.

Note 33. Commitments

	Consolidated	
	2016	**2015**
	$	**$**
Capital commitments		
Committed at the reporting date but not recognised as liabilities, payable:		
Property, plant and equipment	-	-
Intangible assets	-	-
Lease commitments - operating		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	**2,249,813**	1,228,512
One to five years	**9,406,422**	4,608,478
More than five years	**18,202,282**	10,500,612
	29,858,517	16,337,607
Sub lease commitments - operating		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	**364,168**	353,561
One to five years	**441,968**	806,136
More than five years	-	-
	806,136	1.159.697
Lease commitments - finance		
Committed at the reporting date and recognised as liabilities, payable:		
Within one year	**286,099**	230,891
One to five years	**731,822**	398,948
Total commitment	**1,017,981**	629,839
Less: Future finance charges	**(149,493)**	(70,391)
Net commitment recognised as liabilities	**868,488**	559,448
Representing:		
Lease liability - current (note 18)	**232,227**	199,389
Lease liability - non-current (note 22)	**636,261**	360,059
	868,488	559,448

Operating lease commitments includes contracted amounts for various quick service restaurant premises, warehouses, kitchens, offices and plant and equipment under non-cancellable operating leases expiring within one to fifteen years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

Finance lease commitments includes contracted amounts for various plant and equipment with a written down value of $526,753 (2015: $304,349) secured under finance leases expiring within one to five years. Under the terms of the leases, the consolidated entity has the option to acquire the leased assets for predetermined residual values on the expiry of the leases.

Note 34. Related party transactions

Parent entity
Oliver's Australia Holdings Pty Ltd is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 37.

Note 34. Related party transactions (continued)

Key management personnel
Disclosures relating to key management personnel are set out in note 30.

Transactions with related parties
The following transactions occurred with related parties:

	Consolidated 2016 $	2015 $
Payment for services from associate		
Royalty payment to Taonga Nui Holdings Limited	**206,898**	130,233
Consulting fees paid to Taonga Nui Holdings Limited	**360,000**	-

Taonga Nui Holdings Limited (a New Zealand Company) is the owner of the "Oliver's Real Food" and associated brands. Under an Intellectual Property Licensing Agreement Royalty agreement with Taonga Nui Holdings Limited, the Company pays 1.0% (2015: 1%) of all store turnover for the use of the Oliver's Real Food brand.

Jason Antony Gunn and Katherine Hatzis are directors of Taonga Nui Holdings Ltd

Note 34. Related party transactions (continued)

Receivable from and payable to related parties
The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated	
	2016	**2015**
	$	**$**
Current payables:		
Trade payables to Taonga Nui Holdings Limited	**24,278**	-
Loans to/from related parties:		
Innernet Pty Ltd	**200,000**	200,000
Gunn-arr Pty Ltd – loan 1	**276,449**	-
Gunn-arr Pty Ltd – loan 2	**330,000**	
Graham Andrew Darroch	**116,000**	-
	922,449	200,000

Terms and conditions

Innernet Pty Ltd
Innernet Pty Ltd was a shareholder of Oliver's Hexham Pty Ltd (a member of the consolidated group) and provided $200,000 of debt funding to Oliver's Hexham Pty Ltd under a loan agreement dated 5 March 2009. In accordance with a Deed of Settlement entered during the year ended 30 June 2015, $200,000 is payable to Innernet Pty Ltd by Oliver's Hexham Pty Ltd. No interest is payable on this loan.

Gunn-arr Pty Ltd – loan 1
Gunn-arr Pty Ltd is a company of which Jason Antony Gunn is a director and shareholder. Debt funding has been provided to Oliver's Australia Holding Pty Ltd. This loan was due and payable at the latter of 19 December 2015 or completion of a proposed equity investment in Oliver's Australia Holdings Pty Ltd. This loan accrues interest at a rate of 12.0% per annum calculated monthly.

Gunn-arr Pty Ltd – loan 2
Gunn-arr Pty Ltd is a company of which Jason Antony Gunn is a director and shareholder. Debt funding has been provided to Gundagai Properties Pty Ltd (a member of the consolidated group). This loan is due and payable at the earlier of 14 March 2018 or completion of a proposed equity investment in Oliver's Australia Holding Pty Ltd. This loan accrues interest at a rate of 20.0% per annum calculated monthly.

Graham Andrew Darroch
Graham Andrew Darroch is a director and shareholder of The Delicious and Nutritious Food Co Pty Ltd. Mr Darroch entered a loan agreement with The Delicious & Nutritious Food Co Pty Ltd during the year ended 30 June 2016. The loan is repayable in ten (10) equal annual instalments commencing 30 June 2019. Interest is payable at a rate of 2.0% per annum commencing from 30 June 2019

Note 35. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent 2016 $	Parent 2015 $
Profit after income tax	**(365,919)**	(104,872)
Total comprehensive income	**(365,919)**	(104,872)

Statement of financial position

	Parent 2016 $	Parent 2015 $
Total current assets	**4,609,574**	1,279,483
Total assets	**4,656,319**	1,339,014
Total current liabilities	**3,355,577**	395,156
Total liabilities	**3,331,672**	434,986
Equity		
Issued capital	**1,795,438**	1,008,900
Retained profits	**(470,791)**	(104,872)
Total equity	**1,324,647**	904,028

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2016 and 30 June 2015.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 30 June 2016 and 30 June 2015.

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 36. Business combinations

On 1 March 2016, The Delicious and Nutritious Food Co Pty Ltd acquired the business assets and goodwill of 'Red Dragon Organics' (an organic beverage manufacturer) for total consideration of $845,804. The previous owner of Red Dragon Organics (Mr Richard Patton) provided Vendor Finance to The Delicious and Nutritious Food Co Pty Ltd amounting to $415,000. This loan is payable by instalments and expires on 28 February 2018.

The goodwill recognised acquisition of $215,594 represents the expected synergies from merging this business with the group and eliminating margin paid for that inventory (Red Dragon was an existing supplier to Oliver's). The acquired business contributed revenues of $182,114 and profit after tax of $17,080 to the consolidated entity for the period from 1 March 2016 to 30 June 2016.

If the acquisition occurred on 1 July 2015, the full year contributions would have been revenues of $718,000 and profit after tax of $312,000. The values identified in relation to the acquisition of Red Dragon Organics are final as at 30 June 2016.

Details of the acquisition are as follows:

	Fair value $
Cash and cash equivalents	-
Inventory	45,804
Plant and equipment	150,000
Net tangible assets acquired	195,804
Customer Contracts	333,830
Red Dragon Brand	110,576
Goodwill	215,594
Acquisition-date fair value of the total consideration transferred	855,804
Representing:	
Cash paid or payable to vendor	855,804
Acquisition costs expensed to profit or loss	-
Cash used to acquire business, net of cash acquired:	
Acquisition-date fair value of the total consideration transferred	855,804
Vendor Finance	(415,000)
Less: cash and cash equivalents	-
Less: payments made in prior periods	-
Net cash used	440,804

Note 37. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following wholly-owned subsidiaries in accordance with the accounting policy described in note 1:

Name	Principal place of business / Country of incorporation	Ownership interest 2016 %	Ownership interest 2015 %
Oliver's Franchising Pty Ltd	Australia	**100.00%**	100.00%
Oliver's Corporate Pty Ltd	Australia	**100.00%**	-
Oliver's National Marketing Fund Pty Ltd	Australia	**100.00%**	-
Oliver Corp NSW Pty Ltd	Australia	**100.00%**	100.00%
Oliver's Gundagai Pty Ltd	Australia	**100.00%**	100.00%
Oliver's Albury North Pty Ltd	Australia	**100.00%**	-
Oliver's Lithgow Pty Ltd	Australia	**100.00%**	100.00%
Oliver's Sutton Forrest Pty Ltd	Australia	**100.00%**	100.00%
Silver Dog Pty Ltd	Australia	**100.00%**	100.00%
Oliver's Hexham Pty Ltd	Australia	**100.00%**	100.00%
Oliver's Merino Pty Ltd	Australia	**100.00%**	100.00%
Oliver's Coffs Pty Ltd	Australia	**100.00%**	100.00%
Oliver's Chinderah Pty Ltd	Australia	**100.00%**	-
Oliver's Dubbo West Pty Ltd	Australia	**100.00%**	-
Oli Corp Victoria Pty Ltd	Australia	**100.00%**	100.00%
Oliver's Officer Outbound Pty Ltd	Australia	**100.00%**	100.00%
Oliver's Officer Inbound Pty Ltd	Australia	**100.00%**	100.00%
Oliver's Geelong Northbound Pty Ltd	Australia	**100.00%**	100.00%
Oliver's Geelong Southbound Pty Ltd	Australia	**100.00%**	100.00%
Oliver's Wallan Southbound Pty Ltd	Australia	**100.00%**	100.00%
Oliver's Penn-Link Outbound Pty Ltd	Australia	**100.00%**	100.00%
Oliver's Penn-Link Inbound Pty Ltd	Australia	**100.00%**	-
Oliver's Westgate Pty Ltd	Australia	**100.00%**	-
Oliver's East-Link Outbound Pty Ltd	Australia	**100.00%**	100.00%
Oliver's East-Link Inbound Pty Ltd	Australia	**100.00%**	100.00%
Oliver's Wallan Northbound Pty Ltd	Australia	**100.00%**	100.00%
Fresh Food Services Qld Pty Ltd	Australia	**100.00%**	100.00%
Oliver's Roma Street Pty Ltd	Australia	**100.00%**	100.00%
Oliver's Slacks Creek Pty Ltd	Australia	**100.00%**	100.00%
Oliver's Haigslea Pty Ltd	Australia	**100.00%**	100.00%
Oliver's Coonalpyn Pty Ltd	Australia	**100.00%**	100.00%
Coonalpyn Properties Pty Ltd	Australia	**100.00%**	100.00%
Gundagai Properties Pty Ltd	Australia	**100.00%**	100.00%
Farm Gate Market Direct Pty Ltd	Australia	**100.00%**	100.00%
Oliver's Organic Farming Pty Ltd	Australia	**100.00%**	-
The Delicious and Nutritious Food Co Pty Ltd	Australia	**75.00%**	100.00%
Retail Technology Services Pty Ltd	Australia	**76.00%**	76.00%

Note 37. Interests in subsidiaries (continued)

Non-controlling interest information is not material and therefore is not included in the financial statements.

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiary with non-controlling interests in accordance with the accounting policy described in note 1:

			Parent		Non-controlling interest	
Name	Principal place of business / Country of incorporation	Principal activities	Ownership interest 2016 %	Ownership interest 2015 %	Ownership interest 2016 %	Ownership interest 2015 %
Retail Technology Services Pty Ltd	Australia	IT Services	**76.0%**	76.0%	**24.0%**	24.0%
The Delicious and Nutritious Food Co Pty Ltd	Australia	Organic Beverage Manufacturer	**75.0%**	100.0%	**25.0%**	0.0%

Note 38. Reconciliation of profit after income tax to net cash from operating activities

	Consolidated	
	2016 $	2015 $
Profit after income tax expense for the year	**624,339**	896,934
Adjustments for:		
Depreciation and amortisation	**720,640**	392,745
Impairment of goodwill	**-**	-
Loss/(Gain) on sale of property plant and equipment	**(2,704,335)**	(1,833,448)
Change in operating assets and liabilities:		
(Increase)/decrease in trade and other receivables	**(684,745)**	(84,761)
(Increase)/decrease in inventories	**(91,894)**	(487,708)
(Increase)/decrease in deferred tax assets	**775**	(144,804)
Increase in prepayments	**(72,793)**	(44,085)
Increase in other operating assets	**(14,314)**	(53,347)
Increase in trade and other payables	**119,679**	529,056
Increase/(decrease) in accruals	**(3,144)**	92,585
Increase/(decrease) in provision for employee benefits	**(181,840)**	51,179
Increase in provision for income tax	**206,295**	20,597
Increase decrease in provision for deferred tax liabilities	**26,132**	21,063
Increase in other operating liabilities	**590,759**	664,861
Increase/(decrease) in other provisions	**86,100**	164,000
Net cash from operating activities	**(1,378,346)**	184,868

Note 39. Non-cash investing and financing activities

	Consolidated	
	2016	**2015**
	$	**$**
Acquisition of plant and equipment by means of finance leases	**335,233**	37,272
Leasehold improvements - lease make good	**250,100**	164,000
	585,333	201,272

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

Jason Antony Gunn
Director

25 November 2016
Wyong

RSM Australia Partners

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF

OLIVER'S AUSTRALIA HOLDINGS PTY LTD

Report on the Financial Report

We have audited the accompanying financial report of Oliver's Australia Holdings Pty Ltd, which comprises the consolidated statement of financial position as at 30 June 2016, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

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. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

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 about 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 and fair presentation of the financial report 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 believe that the audit evidence we obtained is sufficient and appropriate to provide a basis for our qualified 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 Oliver's Australia Holdings Pty Ltd, would be in the same terms if given to the directors as at the time of this auditor's report.

Basis for Qualified Opinion

We were appointed as auditors of the entity on 5 October 2015 and thus did not observe the counting of the physical inventories at the beginning of the year. We were unable to satisfy ourselves by alternative means concerning inventory quantities held at 30 June 2015. Since opening inventories enter into the determination of the financial performance and cash flows, we were unable to determine whether adjustments might have been necessary in respect of the income for the year reported in the statement of comprehensive income and the net cash flows from operating activities reported in the statement of cash flows.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial report of Oliver's Australia Holdings Pty Ltd is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and

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

RSM

RSM AUSTRALIA PARTNERS

D Talbot

Sydney, Australia
Dated: 25 November 2016

David Talbot
Partner