Frankland River Olive Company Limited
and Controlled Entities
ABN 29 089 521 997

Annual report
30 June 2014

Contents

The directors present their report for the financial year ended 30 June 2014 and the auditor's report thereon.

Directors

The directors of the Company at any time during or since the end of the financial year are:

Ivo Paul Letari (Chairman/Non-Executive Director)	Paul Letari was appointed as a non-executive Director on 31 March 2009. Paul's main business interests are investments in agricultural and industrial property. Paul's early working life began in retail grocery shops in Perth and he has over 45 years business experience. Paul was appointed Chairman on 25 June 2012. As at 30 June 2014, Paul did not hold any directorships of other public companies in the last three years.
Oren Zohar (Executive Director) B.Com, Chartered Accountant, MBA (Melbourne Business School) Registered and Official Liquidator	Oren Zohar was appointed as an executive director on 25 June 2012. Oren has over 20 years' experience in corporate restructuring and advisory. He was a founding partner of KordaMentha in WA, where he acted as receiver, administrator or liquidator of over 500 companies. Oren currently operates a management consultancy business called Blue Ocean Capital. As at 30 June 2014, Oren did not hold any directorships of other public companies. During 2013, Oren resigned from Black Star Petroleum Limited (formerly known as Sunseeker Minerals Ltd). Oren was Non-Executive Director of Black Star Petroleum from August 2012 until February 2013. Mr Zohar resigned as a director of Frankland River Olive Company on 30th April 2014.
Danny Luigi Brescacin (Non-Executive Director)	Danny Brescacin was appointed as an independent non-executive director on 6 November 2012. Danny has enjoyed a long career as an architect, specialising in multi-residential and commercial developments. He runs a successful building design consultancy firm Optim Pty Ltd. As at 30 June 2014, Danny did not hold any directorships of other public companies in the last three years.
Nina Letari (Non-Executive Director)	Nina Letari was appointed as a non-executive director on 27 August 2014. Nina has a passion for the industry and is keen to investigate growth strategies of the Company. She is currently employed by Toscana (WA) Pty Ltd. Nina has held no other directorships in the past three years.
Mia Iva Civa (Non-Executive Director)	Mia Civa was appointed as a non-executive director on 27 August 2014. Mia's predominant role is the overall responsibility for the performance of the Company. She has 15 years' experience in Office Administration. For the past ten years she has been associated with food production as her family currently own and operate an orchard in the Perth Hills. Mia has held no other directorships in the past three years.

Company Secretary

Oren Zohar	Oren Zohar was appointed Company Secretary on 25 June 2012. Mr Zohar resigned as company secretary on 30th April 2014.
Mia Iva Civa	Mia Iva Civa was appointed Company Secretary on 27th August 2014

Directors' meetings

The number of directors' meetings and number of meetings attended by each of the directors of the Company during the financial year are:

Director	Number of meetings attended	Number of meetings eligible to attend
IP Letari	1	1
O Zohar	1	1
D L Brescacin	1	1
N Letari	-	-
M I Civa	-	-

Committee Membership

The Group did not have any committees in place during the financial year. Refer to the Corporate Governance Statement for further details.

Directors' interests

The relevant interest of each director in the shares of the Company and other related bodies corporate, as notified by the directors to the ASX in accordance with S205G(1) of the Corporations Act 2001, at the date of this report is as follows:

	Ordinary shares fully paid
I P Letari	509,946,996
D Brescacin	NIL
N Letari	NIL
M I Civa	11,589,757

Share options

The Company does not have any options on issue.

Corporate Structure

Frankland River Olive Company Ltd is a company limited by shares that is incorporated and domiciled in Australia.

Principal Activities

The principal activities of the consolidated group during the financial year were:

- Operating fully irrigated olives groves; and
- Production, marketing and sale of olive products.

Dividends

No dividends were paid or declared during the current year or the previous year. The Directors do not recommend the payment of a dividend in respect of the year ended 30 June 2014.

Review and results of operations

Corporate

During the 2014 financial year, there were no changes in the corporate structure of the Company.

Operations

2014 Harvest

This financial year saw the Company carry out a major restoration prune of the Parmelia Grove. The decision was made to reduce the size of the Barnea trees, to increase their fruit recovery efficiency during harvest and to promote new fruiting wood within each tree. This significantly reduced the 2014 harvest however it positions the Parmelia grove to have a large and recoverable crop in 2015.

The 2014 harvest commenced in April at the Company's Parmelia Grove and was completed by the end of August. Before the 2014 harvest further modifications were made to the company's own designed and constructed over-the-row harvester, which completed the harvest for both the Parmelia and Frankland olive groves. As a result of these modifications the harvester improved its reliability and fruit recovery by removing more fruit from the tree and losing less fruit onto the ground.

Marketing & Distribution

Substantial time has been spent developing a new national and international marketing strategy and several new initiatives are underway. Marketing strategies for existing and new hospitality and distribution customers are being implemented.

New Website and Facebook integration has been completed and fully operational. Direct sales of Jingilli EVOO products via our shopping cart program on the website is fully operational with both Credit and Debit MasterCard and Visa and PayPal facilities available to our online customers. We will see a marked improvement in sales and distribution in the coming financial year.

Financial

The result of the entity for the financial year ended 30 June 2014 is a net loss of $11,321,400 (2013: loss of $988,743).

The significant increase in the net loss of the company from the prior year to this financial year end is mainly attributable to a revaluation decrement in the net market value of olive trees of $9,884,692 (2013: Nil) (Refer to Note 14 for details)

Trading conditions remained difficult with the Australian dollar sitting at relatively high historical levels during the majority of the year which continued to present challenges for local producers competing against less expensive imported olive oils.

The recent devaluation of the Australian dollar over the last few months, coupled with a worldwide increase in the price of extra virgin olive oil, has seen an improvement in recent trading conditions which is anticipated to continue. The effects of the lower Australian dollar have started to filter through to the supermarket shelves with most of the imported oils showing price increases.

Interest Expenses

Interest Costs were similar to the previous year.

As noted, the Company is contemplating a number of funding alternatives with a view to providing future working capital, reducing debt and finance costs.

Lease commitments during the year were reduced from $264,167 to $20,175.

Tax Expense

For the financial year ended 30 June 2014, the company recognised an income tax benefit of $235,667.

Significant changes in the state of affairs

Other than that noted above there have been no significant changes in the state of affairs of the Company.

Significant events after the balance date

Since balance date, the company has borrowed $53,301 from the major shareholder Toscana (WA) Pty Ltd for assistance with harvesting costs.

Likely developments and expected results

The Directors foresee that the 2015 financial year will be a period of continued restructuring and consolidation, during which:

- The Board of Directors will consider ongoing cost reduction and restructuring initiatives in an effort to reduce the level of fixed overheads;
- The Company will need to again consider raising additional capital to retire debt and to fund future operations;
- The Company's groves will need to be the focus of continued maintenance to maximise the 2015 harvest as yields will continue to increase as the trees move closer to maturity.
- There will be further development of the Jingilli brand in both domestic and export markets and a focus towards increasing net margins across the Jingilli product range, and the continued development of new distribution channels in the export and HORECA (Hotels, Restaurants, Cafes) markets.

Environmental regulations and performance

The operations of the Group are not subject to any particular and significant environmental regulation under a law of the Commonwealth or of a State or Territory. There have been no known significant breaches of any other environmental requirements applicable to the Group. The Group has continued to maintain and improve the surrounding environment of the olive grove. During the year there was continued planting of native trees and additional erosion control constructed. The Group has been allocated by the Waters and Rivers Commission, two licenses to take water. The Group continues to meet its reporting obligations under these licenses and there have been no known significant breaches of the terms and conditions of the licences.

Remuneration Report (Audited)

This report outlines the remuneration arrangements in place for Directors and executives of Frankland River Olive Company Limited.

Remuneration Policy

The Company's remuneration policy aims to attract and maintain talented and motivated Directors and employees so as to encourage enhanced performance of the Group. The objective of the structure of the remuneration of Directors and Executives is to reinforce the short and long term goals of the Group, and to provide a common interest between management and shareholders.

The Board of Directors of the Company is responsible for determining and reviewing compensation arrangements for the Directors, the Managing Director and other key management personnel.

Remuneration Structure

In accordance with best practice corporate governance, the structure of non-executive Director and executive Director remuneration is separate and distinct.

At the date of this report, there were no unissued ordinary shares under option.

Non-Executive Director Remuneration

Objective

The Board sets non-executive Director remuneration at a level to attract and maintain talented and motivated Directors so as to encourage enhanced performance of the Group.

Structure

The Constitution and the ASX Listing Rules specify that the aggregate remuneration of non-executive Directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the Directors as agreed. The shareholders ratified at the 2006 Annual General Meeting the Company paying non-executive Directors' fees up to a maximum of $200,000 per annum. The current policy is to pay the Chairman $50,000 per annum and the other non-executive Directors $35,000 per annum. Both Mr Paul Letari and Mr Danny Luigi Brescacin elected not to receive their salaries for the 2014 financial year.

Executive and Executive Director Remuneration

Objective

The Group aims to attract and retain talented and motivated executives so as to encourage enhanced performance of the Group.

Structure

Key Management Personnel are remunerated by way of a salary inclusive of statutory superannuation, commensurate with their required level of services. The Board sets Key Management Personnel remuneration structures. Remuneration consists of fixed remuneration and variable short term incentives.

Fixed remuneration

Objective

Fixed remuneration is reviewed periodically by the Board, in order to assess the individual performance of Key Management Personnel and the relevant comparison remuneration in the market. Mr Oren Zohar, managing director, elected not to receive any remuneration for the 2014 financial year. Mr Zohar is noted to separately provide consulting services to an entity controlled by Mr Letari, Toscana (WA) Pty Ltd. Toscana (WA) Pty Ltd does not charge the company for any time spent by Mr Zohar on company related matters.

Structure

Key Management Personnel are remunerated by way of a salary.

Employment Details of Members of Key Management Personnel

The following table provides employment details of persons who were, during the financial year, members of key management personnel of the Group. The table also illustrates the proportion of remuneration that was performance based.

	Position held as at 30 June 2014 and any change during the year	Contract details (duration & termination)	Proportions of elements of remuneration not related to performance	
			Fixed Salary/ Fees %	Total %
Key Management Personnel				
P Letari	Chairman/Director (Non-executive) Commenced 31 March 2009	No fixed term or notice required to terminate.	100	100
O Zohar	Managing Director (resigned 30/04/2014)	No fixed term or notice required to terminate.	100	100
D Brescacin	Director (Independent Non-executive) Commenced 6 November 2012	No fixed term or notice required to terminate.	100	100

Directors and Key Management Personnel shareholdings

The movement during the reporting period in the number of ordinary shares in Frankland River Olive Company Ltd held, directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

	Held at 1 July 2013	Granted as remuneration	Received on exercise of options	Other changes	Held at Resignation	Held at 30 June 2014
Mr Paul Letari	509,946,996	-	-	-	-	509,946,996
Mr Danny Brescacin	-	-	-	-	-	-
Mr Oren Zohar (Resigned 30/04/2014)	-	-	-	-	-	-

	Held at 1 July 2012	Granted as remuneration	Received on exercise of options	Other changes	Held at Resignation	Held at 30 June 2013
Mr Paul Letari	127,486,749	-	-	382,460,247	-	509,946,996
Mr Danny Brescacin	-	-	-	-	-	-
Mr Oren Zohar	-	-	-	-	-	-

Remuneration Details for the Year Ended 30 June 2014

The following table of benefits and payments details, in respect to the financial year, the components of remuneration for each member of the key management personnel of the Group:

	Short Term		Post Employment Benefits	Share Based Payments		
Directors	**Salary/ Fees $**	**Other benefits $**	**Superannuation benefits $**	**Shares or Options $**	**Termination Benefits $**	**Total $**
Mr Paul Letari – 2014	***-	-	-	-	-	-
Mr Paul Letari – 2013	***-	-	-	-	-	-
Mr Oren Zohar – 2014	***-	-	-	-	-	-
Mr Oren Zohar – 2013	***-	-	-	-	-	-
Mr Danny Brescacin-2014	***-	-	-	-	-	-
Mr Danny Brescacin-2013	***-	-	-	-	-	-
Total compensation – 2014	-	-	-	-	-	-
Total compensation – 2013	-	-	-	-	-	-

*** A total of NIL (excl. GST) remains payable as at 30 June 2014.

Key management personnel - other transactions

A number of key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities.

A number of these entities transacted with the Group in the reporting period. The terms and conditions of the transactions with key management personnel and their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-key management personnel related entities on an arm's length basis.

The aggregate value of transactions and outstanding balances relating to key management personnel and entities over which they have control or significant influence were as follows:

	Transaction	Transactions value year ended 30 June 2014	2013
Key Management Personnel and their related entites:		$	$
Expenditure			
Paul Letari – Toscana (WA) Pty Ltd	Loan Interest	883,258	383,768
Paul Letari – Toscana (WA) Pty Ltd	Rent	22,536	18,333
Paul Letari – Toscana (WA) Pty Ltd	Operational	210,759	359,645
Paul Letari – IP & E Letari	Rent	81,576	66,000
Total and current liabilities			

From time to time, directors of the Group, or their related entities, may purchase goods from the Group. These purchases are on the same terms and conditions as those entered into by other Group employees or customers and are trivial or domestic in nature.

Securities Received that are not Performance Related

No members of key management personnel are entitled to receive securities which are not performance based as part of their remuneration package.

Cash Bonuses, Performance Related Bonuses and Share Based Payments

No members of key management personnel received or were granted cash bonuses, performance related bonuses or share based payments during the financial year (2013: nil.)

Options and Rights Granted

There were no options or rights granted to key management personnel during the financial year (2013: nil).

End of Remuneration Report

Indemnification and insurance of directors, officers and auditors

During or since the financial year, the Company has paid premiums in respect of a contract insuring all the Directors and Officers of Frankland River Olive Company Ltd against costs incurred in defending proceedings for conduct involving:

(a) a wilful breach of duty; or

(b) a contravention of Sections 182 or 183 of the Corporations Act 2001, as permitted by section 199B of the Corporations Act 2001.

Under the terms of the policy the amount paid is confidential.

No Indemnification has been obtained for the auditor of the company.

Auditor's independence declaration

The auditor's independence declaration is set out on page 58 and forms part of the directors' report for the financial year ended 30 June 2014.

Non-audit services

William Buck Audit (WA) Pty Ltd does not provide non-audit services to the Company.

This Report of the Directors, incorporating the Remuneration Report, is signed in accordance with a resolution of the Board of Directors.

Paul Letari

Director

1 McDowell Street, Welshpool, WA 6160, 26th November 2014

The Board of Directors has responsibility for the overall corporate governance of the Company and for protecting the rights and interests of the stakeholders in the Company. The Directors and management are committed to conducting the Company's business ethically and in accordance with high standards of corporate governance. This statement sets out the principle features of the Company's corporate governance regime and compliance with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations.

For further information on the corporate governance policies adopted by Frankland River Olive Company Limited, refer to our website: www.jingilli.com.au

Board of Directors

Roles and Functions of the Board and Senior Management

(ASX Corporate Governance Principles and Recommendations 1.1, 1.3, 2.3)

The roles of Chairman and Managing Director are not exercised by the same individual.

The Managing Director's responsibilities include the overall operational, business management and financial performance of the Company, while also managing the Company in accordance with the strategy, plans and policies approved by the Board to achieve agreed goals.

The Board has adopted a charter that sets out the functions and responsibilities of the Board within the governance structure of the Company. The conduct of the Board is also governed by the Constitution of the Company. The primary responsibilities of the Board are:

- input into and final approval of management's development of corporate strategy and performance objectives;
- monitoring senior management's performance and implementation of strategy, and ensuring appropriate resources are available;
- the review and adoption of annual budgets for the financial performance of the Company and monitoring of the results;
- approving and monitoring the progress of major capital expenditure, capital management, and acquisitions and divestitures;
- oversight of the Company, including reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct, and legal compliance;
- approving and monitoring financial and other reporting;
- monitoring and influencing the culture, reputation and ethical standards of the Company;
- monitoring the Board composition, Director selection and Board processes and performance;
- approving key executive appointments and ensuring executive succession planning; and
- reviewing and approving executive remuneration.

  Senior executives reporting to the Managing Director have their roles and responsibilities defined in position descriptions.

The Company's Board Charter is available on its website.

Board Composition and Size
(ASX Corporate Governance Principles and Recommendations: 2.1, 2.2, 2.3, 2.6)

During the financial year ended 30 June 2014, the Company's Board comprised of the following Directors:

Name	Position	First Appointed
Paul Letari	Non-Executive Director Non-Executive Chairman since 25 July 2012	2009
Oren Zohar	Executive Director (Resigned 30/04/2014)	2012
Danny Brescacin	Independent Non-Executive Director	2012

The composition of the Board is set based on the following factors:

- the Company's constitution provides for the number of Directors to be not less than three and not more than five as determined by the Directors from time to time.
- the Board should comprise a majority of independent non-executive Directors.
- the Board should comprise Directors with a broad range of expertise and knowledge.

Information on the skills, experience and expertise relevant to the position of each Director who is in office at the date of the annual report and their term of office are detailed in the Directors' Report.

The Board endeavours to meet formally at least on a quarterly basis. Numerous informal meetings are held on a weekly basis. All available information in connection with items to be discussed at a meeting of the Board is provided to each Director before the meeting. Details of the number of Board meetings and the attendance of Directors are detailed in the Directors' Report. Directors are expected to adequately prepare for meetings and attend and participate at Board meetings.

The Company has induction procedures designed to allow new Board appointees to participate fully and actively in Board decision-making at the earliest opportunity. The induction program enables Directors to gain an understanding of:

- the Company's financial, strategic, operational and risk management position;
- their rights, duties and responsibilities; and
- the role of the Board committees (where applicable).

During the financial year the Company did not comply with *Recommendation 2.1: A majority of the Board should be independent directors,* for the reasons set out below.

Mr Letari, who was appointed as a non-executive Director on 31 March 2009 is not considered independent as he is a substantial shareholder of the Company.

The Directors are satisfied that the structure of the Board is appropriate for the size of the Company, the nature of its operations and its current financial standing. The structure and composition of the Board is subject to ongoing review.

The appointment of the Company Secretary is a matter for the Board. Information on the skills, experience and qualifications of the Company Secretary can be found in the Directors' Report.

Independence of Directors

(ASX Corporate Governance Principles and Recommendations: 2.1, 2.6)

As mentioned above, the Company does not have a majority of independent Directors.

An independent Director is a non-executive Director (i.e. is not a member of management) who:

- is not a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- within the last three years has not been employed in an executive capacity by the Company, or been a Director after ceasing to hold any such employment;
- within the last three years has not been a principal of a professional adviser for which Frankland River Olive Company is a material client or an employee materially associated with the service provided;
- is not a material supplier or customer of the Company or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
- has no material contractual relationship with the Company other than as a Director of the Company.
- has not served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company; and
- is free from any interest and any business or other relationship, which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company.

  In determining whether a Director is independent the Board considers its non-executive Directors' previous and current relationships with the Company's customers, suppliers, consultants and professional advisers and whether any of those relationships could reasonably be perceived to materially interfere with or compromise their independent judgment.

Access to Information

(ASX Corporate Governance Principles and Recommendations: 2.6)

The Board is provided with the information it needs to efficiently discharge its responsibilities.

Directors are encouraged to have direct communications with management and other employees within the Company to facilitate the carrying out of their duties.

The Board or individual Directors may seek independent external professional advice as considered necessary at the expense of the Company, subject to prior approval from the Chairman. A copy of any such advice received is made available to all members of the Board.

Remuneration and Performance

Board Remuneration and Performance Review

(ASX Corporate Governance Principles and Recommendations: 2.5, 2.6, 8.2, 8.3)

Non-executive Directors are remunerated by way of fees (in the form of cash and statutory superannuation contributions). Non-executive Directors do not receive bonus payments, termination or retirement benefits (other than statutory superannuation contributions).

The maximum aggregate remuneration approved by shareholders for non-executive Directors is $200,000 per annum. The Board sets the individual non-executive Directors' fees within the limit approved by shareholders. The current policy is to pay the Chairman $50,000 per annum and the other non-executive Directors $35,000 per annum each. Mr Paul Letari and Mr Danny Brescacin elected not to receive their non-executive Director salaries for the 2014 financial year and Mr Oren Zohar elected to not receive any remuneration from the company for the 2014 financial year.

The Board has a process to review and evaluate the performance of the Board. The process involves consideration of all of the Board's key areas of responsibility.

There was no formal performance review of the Board during the financial year however one is scheduled during 2015.

Executive Remuneration and Performance

(ASX Corporate Governance Principles and Recommendations: 1.2, 1.3, 8.2)

Frankland River Olive Company has remuneration policies that attract and maintain talented and motivated key management personnel so as to encourage enhanced performance of the Company. The objective of the structure of the remuneration of key management personnel is to reinforce the short and long term goals of the Company, and to provide a common interest between key management personnel and shareholders.

Key management personnel remuneration consists of fixed remuneration and variable short term remuneration. Fixed remuneration is reviewed periodically by the Board in order to assess the individual performance of key management personnel and the relevant comparison remuneration in the market. Variable short term incentive remuneration is reviewed periodically by the Board in order to assess the individual performance of key management personnel, as to whether they have expectations or met specific set targets.

Individual performance is assessed in an annual performance review and is reviewed based on a comprehensive performance matrix which includes evaluation of technical development and competencies, project management and team skills and personal attributes.

A performance evaluation of key management personnel took place in the financial year in accordance with the process as disclosed above.

Termination payments, if any, for key management personnel are to be agreed in advance, including detailed provisions in case of early termination, except for removal for misconduct. Consideration is given to the consequences of an appointment not working out, and to the costs and other impacts of early termination.

Board Committees

(ASX Corporate Governance Principles and Recommendations: 2.4, 2.6, 4.1, 4.2, 4.3, 4.4, 8.1, 8.3)

The Board has disbanded its combined audit and compliance, remuneration and nomination committee. The decision was made based on the size and composition of the Board and the operations of the Company, which were not sufficient to warrant the retention of the combined committee to assist the Board in fulfilling its duties as the composition of the combined committee would not meet the requirements of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations. However, in the future, should the size and composition of the Board and the nature of the operations of the Company warrant it, the Board will give consideration to the re-establishment of the combined committee.

Accordingly, during the financial year the Company did not comply with *Recommendation 2.4: The Board should establish a nomination committee, Recommendation 4.1: The Board should establish an Audit Committee, Recommendation 4.2: Structure the audit committee so that it consists of only non-executive directors, consists of a majority of independent directors, is chaired by an independent director who is not chairperson of the Board and has at least three members, Recommendation 4.3: The audit committee should have a formal charter and Recommendation 8.1: The Board should establish a remuneration committee,* for the reasons set out above.

However, matters typically dealt with by the abovementioned combined committee and the functions of that combined committee are dealt with by the full Board.

The Board meets with the external auditor at least twice a year to review the adequacy of the existing external audit arrangements, with particular emphasis on scope, quality and independence of the audit. The external auditor is required to report to the Board on its findings in relation to annual audits and half-yearly audit reviews as part of the process of the review and sign-off by the Board. The auditor will be rotated as is statutorily required.

Code of Ethics and Conduct

(ASX Corporate Governance Principles and Recommendations: 3.1, 3.3)

The Board supports the Code of Conduct issued by the Australian Institute of Company Directors. Specifically, the Company requires the following:

- a Director must act honestly, in good faith and in the best interests of the Company as a whole;
- a Director has a duty to use due care and diligence in fulfilling the functions of office and exercising the powers attached to that office;
- a Director must use the powers of office for a proper purpose, in the best interests of the Company as a whole;
- a Director must recognise that the primary responsibility is to the Company's shareholders as a whole but should, where appropriate, have regard for the interests of all stakeholders of the Company;
- a Director must not make improper use of information acquired as a Director;
- a Director must not take improper advantage of the position of Director;
- a Director must not allow personal interests, or the interests of any associated person, to conflict with the interests of the Company;
- a Director has an obligation to be independent in judgement and actions and to take all reasonable steps to be satisfied as to the soundness of all decisions taken by the Board of Directors;
- confidential information received by a Director in the course of the exercise of directorial duties remains the property of the company from which it was obtained and it is improper to disclose it, or allow it to be disclosed, unless that disclosure has been authorised by that company, or the person from whom the information is provided, or is required by law;
- a Director should not engage in conduct likely to bring discredit upon the Company;
- a Director has an obligation, at all times, to comply with the spirit, as well as the letter, of the law and with the principles of this Code;
- a Director must report any unlawful/unethical behaviour to the Board or, if appropriate, to relevant authorities. Should unethical/unlawful behaviour on the part of an employee be reported to a Director, then the matter must be raised with the Chairman and the Board and objectively investigated; and
- a Director must at all times support the fair dealing by the Company's employees with its customers, suppliers, competitors and fellow employees.

  In addition, the Company has a Corporate Code of Conduct, which addresses matters relevant to the Company's compliance with its legal obligations to stakeholders and enables employees to alert management and the Board in good faith to potential misconduct without fear of retribution, and requires recording and investigation of such alerts. The Company has policies and procedures for ensuring compliance with its Corporate Code of Conduct and for dealing with complaints, including:

- clear commitment by Board and management to the Code of Conduct;
- responsibilities to shareholders and the financial community generally. This includes commitment to delivering shareholder value and covers the Company's approach to accounting policies, practices and disclosure;
- responsibilities to clients, customers and consumers. This includes reference to standards of product quality or service, commitments to fair value, and safety of goods produced;
- employment practices. This includes reference to occupational health and safety; employment opportunity practices; special entitlements above the statutory minimum; employee security trading policies; training and further education support; policies on giving and acceptance of business courtesies; prohibitions on the offering and acceptance of bribes, inducements and commissions and on the misuse of Company assets and resources; handling of conflicts of interest; and policy and practice on drug and alcohol usage and on outside employment;
- obligations relative to fair trading and dealing;
- responsibilities to the community. This might include environmental protection policies, support for community activities, donation or sponsorship policies;
- responsibilities to the individual. This might include the Company's privacy policy, the use of privileged or confidential information, how conflicts of interest are addressed;

- how the Company complies with legislation affecting its operations. For Company operations outside of Australia, particularly in developing countries, the code of conduct should state whether those operations comply with Australian or local legal requirements regarding employment practices, responsibilities to the community and responsibilities to the individual, particularly if the host country adopts lower standards than those prescribed by Australian law or international protocols; and
- how the Company monitors and ensures compliance with its code.

The Company's Code of Conduct and Corporate Code of Conduct are available on its web site.

Diversity Policy

(ASX Corporate Governance Principles and Recommendations: 3.2, 3.3, 3.4 and 3.5)
The Company does not currently have a formal Gender Diversity Policy, however its recruitment process is fundamentally driven by identifying the best candidate for all positions regardless of gender. Based on the current scale of activities of the Company, there is currently no set objective to achieve a certain percentage of female employees in the workforce. The Board does not currently believe that the adoption of a formal Gender Diversity Policy would significantly improve the functions currently performed by the Board and Senior Executive Team, nor enhance the ability for the Company to deliver on its stated objectives. Given the Company's size and stage of development, the Board does not think it is yet appropriate to include measurable objectives in relation to gender. However all employment awarded within the Company is done so irrespective of gender, race, ethnic origin, disability, age, nationality, sexuality, religion, marital status and/or social class.

The Company currently employs 2 female employees –the Finance and Administration Manager and the Senior Sales Manager who represent one third of the Senior Executive Team. There are no women on the Board, however the
Board considers this is appropriate at this stage of the Company's development and will review annually as the size and circumstances of the Company change.

The Company does not have a Gender Diversity Policy and consequently did not provide the information indicated in the Guide to reporting on Principle 3.

Securities Dealing Policy

(ASX Corporate Governance Principles and Recommendations: 3.2, 3.3, 8.3)

The Company has established a policy concerning trading in its securities by Directors, senior executives and employees. Under the policy, Directors, senior executives and employees are subject to the Corporations Act 2001 restrictions on applying for, acquiring and disposing of securities in, or other relevant financial products of, the Company (or procuring another person to do so), if they are in possession of inside information. Inside information is that information which is not generally available, and which if it were generally available, a reasonable person would expect it to have a material effect on the price or value of the securities in, or other relevant financial products of, the Company.

In addition to the above, the following guidelines are to be observed by Directors, senior executives and employees:

- securities may be purchased or sold during the two week period immediately following the release of the Company's half-yearly and final results ("results announcements");
- securities may not be purchased or sold during the two week period preceding any results announcements;
- securities may not be purchased or sold preceding any material ASX announcement by the Company if the Director, senior executive or employee is aware that it is likely that such an announcement will be made; and
- securities may not be purchased or sold for the purpose of short term speculation.
    - Securities may be purchased or sold at other times subject to observing the additional disclosure requirements set out below.
    - Directors must notify the Chairman of their intention to deal in the securities of the Company:
- the Chairman must notify the Board of his intention to deal in the Company's securities;
- senior executives and employees must notify the Company Secretary of their intention to deal in the Company's securities; and
- Directors, senior executives and employees are required to notify the Company Secretary once the proposed trading has occurred.

The Company's Securities Dealing Policy is available on its web site.

Continuous Disclosure

(ASX Corporate Governance Principles and Recommendations: 5.1, 5.2)

The Company Secretary is the nominated ASX Communication Officer and is responsible for ensuring that the Company complies with its continuous disclosure requirements. The Managing Director is responsible for overseeing and coordinating the disclosure of information to the stock exchange, analysts, brokers, shareholders, the media and the public. The Company's compliance with its continuous disclosure obligations is reviewed at each meeting of the Board of Directors.

The Company's Continuous Disclosure Policy is available on its web site.

Communications with Shareholders

(ASX Corporate Governance Principles and Recommendations: 6.1, 6.2)

The Board's policy is that shareholders are informed of all major developments that impact on the Company. There is a detailed continuous disclosure policy in place, which is intended to maintain market integrity and market efficiency. The policies and procedures include the following:

- the Company has a policy of disclosing to the market all significant events;
- the Directors have the primary responsibility to ensure that the Company complies with continuous disclosure; the Managing Director has an executive responsibility to keep the Board informed on matters that may require disclosure. The Board has the primary responsibility on deciding what information will be disclosed and review the Company's continuous disclosure obligations at each Board meeting;
- only the Directors or the Company Secretary are authorised to speak to the media about the Company and its activities;
- the Company seeks to avoid the emergence of a false market in the Company's securities by ensuring timely continuous disclosure of all significant events and limiting the parties authorised to speak to the media on behalf of the Company;
- the Company seeks to avoid premature disclosure of confidential corporate information. All employees sign a confidentiality agreement on joining Frankland River Olive Company. Only a limited number of personnel are involved in sensitive negotiations and discussions and all staff are advised that no discussion is allowed outside the Company; and
- all external communications such as analyst briefings are undertaken by a Director. No analyst briefing is given unless the presentation is first released to the ASX.

Information is communicated to shareholders through:

- the annual financial report;
- disclosures to the stock exchange;
- notices and explanatory memoranda of annual general meetings; and
- Letters from the Chairman to specifically inform shareholders of key matters of interest.

All Company announcements are subject to appropriate vetting and authorisation to ensure that Company announcements:

- are made in a timely manner;
- are factual;
- do not omit material information; and
- are expressed in a clear and objective manner that allows investors to assess the impact of the information when making investment decisions.

All publicly available information regarding the Company is available upon request to the Managing Director.

The Company will use its website to complement the official release of material information to the market. This enables broader access to Company information by investors and stakeholders. For example:

- all announcements made to the market, and related information (e.g. information provided to analysts or media during briefings), are placed on the website after they have been released to ASX;
- the full text of all notices of meeting and explanatory material are placed on the website.

- all announcements and annual financial reports for the last three years are available on the website; and
- the Company encourages shareholders to provide their email addresses and the Company uses these addresses to circulate information released to the market.

The Company periodically dispatches an update letter to shareholders. These letters are released to the market prior to being posted to shareholders.

The Company's Communications Policy is available on its web site.

Recognise and Manage Risk

(ASX Corporate Governance Principles and Recommendations: 7.1, 7.2, 7.3, 7.4)

The Board is committed to the identification and quantification of risk. Directors receive regular reports on areas where significant business risk or exposure concentrations may exist and on the management of those risks. The Board committee structures form an important part of the risk management process.

The key categories of risks considered by the Company include:

- financial;
- general risks;
- customers and competitors;
- security and privacy;
- asset protection (including intellectual property);
- disaster;
- staff;
- regulatory; and
- future acquisitions.

How Frankland River Olive Company Manages this Risk

The Board has required management to design and implement a risk management and internal control system to manage the Company's material business risks and to report to it on whether business risks are being managed effectively. The Board has received reports from management in relation to the effectiveness of the Company's management of its material business risks.

Financial Risk

Overview of Risk

The future success of Frankland River Olive Company will depend on the utilisation of its assets to generate profits and cash flow. The key risk factors include:

- adequacy of financial systems, including the minimisation of the risk of fraud;
- sufficiency of working capital; and
- contracting risks.

How Frankland River Olive Company Manages this Risk

Quarterly management reports provided to the Board include cash flow and other financial information. All monetary transactions require two signatures.

Any contract or proposal that is material to the Company's operations are discussed and approved by the Board prior to signing.

Future Acquisitions

Overview of Risk

Frankland River Olive Company has a strategy to review any suitable acquisitions which complement the Company's strategies. In undertaking any acquisition, Frankland River Olive Company will expose itself to financial and operational risks typically encountered in such transactions.

How Frankland River Olive Company Manages this Risk

If Frankland River Olive Company undertakes an acquisition, key elements of the process would include:

- a business case would be considered by the Board;
- a rigorous due diligence process would be undertaken; and
- appropriate external legal, technical and accounting advice would be sought.

Managing Director to Write to Board

The integrity of the Company's financial reporting depends on the existence of a sound system of risk oversight and management and internal control.

When the full year accounts are presented to the Board, as part of the financial reporting process the Managing Director will state to the Board in writing that:

- a statement that, in accordance with best practice, the integrity of the financial statements is founded on a sound system of risk management and internal compliance and control achieved by implementing the policies adopted by the Board; and
- the Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

In addition, financial statement due diligence questionnaires are completed and submitted to the Board.

The Company does not have a Chief Financial Officer at this point in time.

Frankland River Olive Company Limited and Controlled Entities
Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2014

	Notes	2014 $	2013 $
Revenue	6	1,654,718	1,977,216
Cost of sales		(1,125,939)	(1,484,252)
Gross Profit/(Loss)		**528,779**	**492,964**
Other income	7	45,384	299,462
Distribution and logistics cost		(449,482)	(320,896)
Marketing and promotion costs		(78,058)	(104,377)
Corporate and administrative expenses		(740,070)	(732,538)
Finance costs	8	(978,928)	(717,959)
Impairment of Inventory		-	(141,816)
Net decrement in fair value of Olive Trees		(9,884,692)	-
(Loss) before income tax expense		**(11,557,067)**	**(1,225,160)**
Income tax benefit/(expense)	9	235,667	236,417
Net (Loss) for the year		**(11,321,400)**	**(988,743)**
Other comprehensive income Items that will not be reclassified to the profit or loss:			
Gain/(Loss) on revaluation of assets		(285,000)	-
Total other comprehensive income		(285,000)	-
Total comprehensive income(loss) attributable to the members of the parent		**(11,606,400)**	**(988,743)**
Basic and diluted loss per share (cents)	19	**(2.00)**	**(0.25)**

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

Frankland River Olive Company Limited and Controlled Entities
Consolidated Statement of Financial Position
For the year ended 30 June 2014

Assets	Notes	2014 $	2013 $
Cash on hand and at bank	10	19,957	28,742
Trade and other receivables	11	541,857	224,145
Inventories	12	1,197,975	1,058,855
Prepayments		50,991	-
Total current assets		**1,810,780**	**1,311,742**
Property, plant and equipment	13	9,088,588	9,452,152
Olive trees	14	5,940,000	15,824,692
Intangible Assets		1,710,000	1,995,000
Total non-current assets		**16,738,588**	**27,271,844**
Total assets		**18,549,368**	**28,583,586**
Liabilities			
Trade and other payables	16	992,859	876,022
Loans and borrowings	18	5,731	396,932
Employee Benefits Provision	17	15,584	15,667
Total current liabilities		**1,014,174**	**1,288,621**
Loans and borrowings	18	8,793,661	6,949,641
Employee Benefits Provision	17	18,935	16,328
Total non-current liabilities		**8,812,596**	**6,965,969**
Total liabilities		**9,827,119**	**8,254,590**
Net assets		**8,722,598**	**20,328,998**
Equity			
Issued capital	19	43,082,675	43,082,675
Asset Revaluation Reserve		2,950,464	3,235,464
Accumulated losses		(37,310,541)	(25,989,141)
Total equity attributable to equity holders of the Company		**8,722,598**	**20,328,998**

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

Frankland River Olive Company Limited and Controlled Entities
Consolidated Statement of Changes in Equity
For the year ended 30 June 2014

	Issued capital	Accumulated losses	Asset Revaluation reserve	Total equity
	$	$	$	$
Balance at 1 July 2012	41,153,435	(25,000,398)	3,235,464	19,388,501
Total comprehensive income:				
Loss for the year	-	(988,743)	-	(988,743)
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	(988,743)	-	(988,743)
Transactions with owners recorded directly into equity:				
Issue of share capital	1,929,240	-	-	1,929,240
Cost of issue	-	-	-	-
Total transactions with owners	-	-	-	-
Balance at 30 June 2013	**43,082,675**	**(25,989 ,141)**	**3,235,464**	**20,328,998**
Balance at 1 July 2013	43,082,675	(25,989,141)	3,235,464	20,328,998
Total comprehensive income:				
Loss for the year	-	(11,321,400)	-	(11,321,400)
Other comprehensive income	-	-	(285,000)	(285,000)
Total comprehensive income for the year	-	(11,321,400)	(285,000)	(11,606,400)
Transactions with owners recorded directly into equity:				
Issue of share capital	-	-	-	-
Cost of issue	-	-	-	-
Total transactions with owners	-	-	-	-
Balance at 30 June 2014	**43,082,675**	**(37,310,541)**	**2,950,464**	**8,722,598**

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

Frankland River Olive Company Limited and Controlled Entities
Consolidated Statement of Cash Flows
For the year ended 30 June 2014

	Notes	2014 $	2013 $
Cash flows from operating activities			
Cash receipts from customers		1,554,819	1,941,011
Cash paid to suppliers and employees		(2,221,067)	(2,245,201)
Grants received		27,237	27,237
Interest received		304	811
Finance costs paid		(17,047)	(299,177)
R&D rebate received		-	236,416
Net cash used in operating activities	10	**(655,754)**	**(338,903)**
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		-	20,181
Payments for property, plant and equipment		-	(11,740)
Net cash used in investing activities		**-**	**8,441**
Cash flows from financing activities			
Proceeds from borrowings		880,638	375,757
Repayment of borrowings		(223,668)	(1,960,754)
Proceeds from issues of shares		-	1,929,240
Net cash from financing activities		**646,970**	**344,243**
Net increase/(decrease) in cash and cash equivalents		(8,784)	13,781
Cash and cash equivalents at beginning of year		28,742	14,961
Cash and cash equivalents at end of year	10	**19,957**	**28,742**

Reconciliation of cash and cash equivalents

		2014 $	2013 $
Cash balance comprises:			
Cash at bank and on hand		19,957	28,742
Bank overdraft		-	-
		19,957	**28,742**

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

1. Reporting entity

Frankland River Olive Company Limited (the "Company") is a company domiciled in Australia. The consolidated financial statements of the Company as at and for the year ended 30 June 2014 comprise the Company and its subsidiaries (together referred to as the "Group"). The Group primarily is involved in the growing, harvesting, processing and sale of extra virgin olive oil.

2. Basis of preparation

(a) Statement of compliance

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards (AASBs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The consolidated financial statements of the Group comply with International Financial Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standards Board (IASB).

The consolidated financial statements were authorised for issue by the Board of Directors on 26th November 2014.

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for olive trees, land and water rights which have been measured at fair value.

Going Concern Assumption

The directors have prepared the financial statements of the consolidated entity on a going concern basis which assumes continuity of normal business activities and realisation of assets and the settlement of liabilities in the ordinary course of business. The major shareholder Toscana (WA) Pty Ltd, which has sufficient financial capability, has provided a letter of support indicating that it will not call up its loan balance of $8,782,344 as at 30 June 2014 unless the consolidated entity has sufficient cash resources to do so. The letter of support also states that Toscana will continue providing further loan funds to the Company when required for working capital purposes ensuring the Company has sufficient funds to continue trading and to pay its debts as and when due payable.

Based on the letter of support provided by Toscana (WA) Pty Ltd as described above and the consolidated entity trading profitably, the directors have prepared cash flow forecasts that indicate the consolidated entity will have sufficient cash flows to meet all working capital requirements for a period of at least 12 months from the date of signing the consolidated financial report.

As at 30 June 2014, the Company and consolidated entity has inventories that it expects to sell as packaged product which should generate sufficient funds to meet the Company's forecast working capital requirements up to the 2015 olive harvest which will commence in the first week of April.

Accordingly, the directors consider it appropriate for the consolidated financial statements to be prepared on the going concern basis. The Company therefore considers that it will have sufficient funds to meet the Company's forecast working capital requirements for a period of at least 12 months from the date of this report.

(c) Functional and presentation currency

These consolidated financial statements are presented in Australian dollars, which is the Company's functional currency.

(d) Use of estimates and judgements

The preparation of financial statements in conformity with AASBs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about assumptions and estimation uncertainties as well as critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- note 14 – olive trees
- note 9 – utilisation of tax losses
- note 17 – provisions and contingencies

(e) New and Amended Accounting Policies Adopted by the Group

During the current year, the following standards which are relevant to the Group's operations became mandatory and have been adopted:

- AASB 10 Consolidated Financial Statements
- AASB 12 Disclosure of Interests in Other Entities
- AASB 13 Fair Value Measurement
- AASB 119 Employee Benefits

The accounting policies have been updated to reflect changes in the recognition and measurement of assets, liabilities, income and expenses and the impact of adoption of these standards is discussed below.

AASB 10 includes a new definition of control, including additional guidance for specific situations such as control in a principal / agent situation and when holding less than majority voting rights may give control.
AASB 10 supersedes the previous requirements of AASB 127 Consolidated and Separate Financial Statements and Interpretation 112 Consolidation - Special Purpose Entities and has resulted in consequential amendments to a number of other standards.

The Group has reviewed its investment in other entities to determine whether any changes were required to the consolidated entity under AASB 10. The composition of the consolidated entity is the same under AASB 10 and therefore there is no change to the reported financial position and performance.

AASB 12 Disclosure of Interests in Other Entities includes all disclosures relating to an entity's interest in associates, joint arrangements, subsidiaries and structured entities. On adoption of AASB 12, additional disclosures have been included in the financial statements in relation to investments held.

AASB 13 Fair Value Measurement does not change what and when assets or liabilities are recorded at fair value. It provides guidance on how to measure assets and liabilities at fair value, including the concept of highest and best use for non-financial assets. AASB 13 has not changed the fair value measurement basis for any assets or liabilities held at fair value, however additional disclosures on the methodology and fair value hierarchy have been included in the financial statements.

AASB 119 Employee benefits introduces revised definitions for short-term employee benefits and termination benefits.

(f) New Accounting Standards for Application in Future Periods

Accounting Standards and Interpretations issued by the AASB that are not yet mandatorily applicable to the Group, together with an assessment of the potential impact of such pronouncements on the Group when adopted in future periods, are discussed below:

- AASB 9: Financial Instruments, AASB 2010-7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127], AASB 2012-6 Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures [AASB 9, AASB 2009-11, AASB 2010-7, AASB 2011-7 & AASB 2011-8], AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments [Part C] and AASB 2014-1 Amendments to Australian Accounting Standards [Part E] (applicable for annual reporting periods commencing on or after 1 January 2018).

  The Standard will be applicable retrospectively (subject to the comment on hedge accounting below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

  The key changes made to the Standard that may affect the Group on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items. Should the entity elect to change its hedge policies in line with the new hedge accounting requirements of AASB 9, the application of such accounting would be largely prospective.

  Further, in July 2014 the International Accounting Standards Board issued IFRS 9 as a complete standard including the previously issued requirements (as per the above) and additional amendments to introduce a new expected loss impairment model and limited changes to the classification and measurement requirements for financial assets.

  Although the directors anticipate that the adoption of AASB 9 may have an impact on the Group's financial instruments, including hedging activity, it is impracticable at this stage to provide a reasonable estimate of such impact.

- AASB 2012–3: Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities (applicable for annual reporting periods commencing on or after 1 January 2014).

  This Standard provides clarifying guidance relating to the offsetting of financial instruments, which is not expected to impact the Group's financial statements.

- AASB 2013–3: Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets (applicable for annual reporting periods commencing on or after 1 January 2014).

  This Standard amends the disclosure requirements in AASB 136: Impairment of Assets pertaining to the use of fair value in impairment assessment and is not expected to significantly impact the Group's financial statements.

- AASB 2013–5: Amendments to Australian Accounting Standards – Investment Entities (applicable for annual reporting periods commencing on or after 1 January 2014).

  AASB 2013–5 amends AASB 10: Consolidated Financial Statements to define an "investment entity" and requires, with limited exceptions, that the subsidiaries of such entities be accounted for at fair value through profit or loss in accordance with AASB 9 and not be consolidated. Additional disclosures are also required. As neither the parent nor its subsidiaries meet the definition of an investment entity, this Standard is not expected to significantly impact the Group's financial statements.

- AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments [Part B] (applicable for annual reporting periods commencing on or after 1 January 2014) and AASB 2014 -1 Amendments to Australian Accounting Standards [Part C] (applicable for annual reporting periods commencing on or after 1 July 2014).

The changes made to AASB 1031 in respect of materiality withdraw the substantive content contained within the standard and provide signpost references to materiality in other Australian Accounting Standards. The standard is not expected to impact the company.

- AASB 2014 -1 Amendments to Australian Accounting Standards [Part A] (applicable for annual reporting periods commencing on or after 1 July 2014).

  Part A of this Standard makes various amendments to Australian Accounting Standards arising from the issuance by the International Accounting Standards Board (IASB) of International Financial Reporting Standards (IFRSs) Annual Improvements to IFRSs 2010–2012 Cycle and Annual Improvements to IFRSs 2011–2013 Cycle, including:

  - AASB 1 – clarification in the basis of conclusion.
  - AASB 2 – amendments to certain definitions contained within the standard.
  - AASB 3 – clarification that contingent consideration that is classified as an asset or a liability shall be measured at fair value at each reporting date and clarification that AASB 3 excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself.
  - AASB 8 – amendments to disclosures.
  - AASB 13 – clarification regarding the measurement of short-term receivables and payables and clarification that the scope of the portfolio exception in paragraph 52 of AASB 13 includes all contracts accounted for within the scope of AASB 139 or AASB 9, regardless of whether they meet the definition of financial assets or financial liabilities as defined in AASB132.
  - AASB 116 and AASB 138 – clarification that when an item of property, plant and equipment or intangible asset is revalued the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount.
  - AASB 124 – clarification that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity.
  - AASB 140 – clarification that determining whether a specific transaction meets the definition of both a business combination as defined in AASB 3 Business Combinations and investment property as defined in AASB140 Investment Property requires the separate application of both standards independently of each other.

  The standard is not expected to impact the company.

- AASB 2014 -1 Amendments to Australian Accounting Standards [Part B] (applicable for annual reporting periods commencing on or after 1 July 2014).

  Part B of this Standard makes amendments to AASB 119 Employee Benefits in relation to the requirements for contributions from employees or third parties that are linked to service. The amendments clarify that if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the related service is rendered, instead of attributing the contributions to the periods of service. In contrast, if the amount of the contributions is dependent on the number of years of service, an entity is required to attribute those contributions to periods of service using the same attribution method applied to the gross benefit.

  The standard is not expected to impact the company.

- AASB 2014-2 Amendments to AASB 1053 – Transition to and between Tiers, and related Tier 2 Disclosure Requirements (applicable for annual reporting periods commencing on or after 1 July 2014).

  This standard amends AASB 1053 to:

  - clarify that AASB 1053 relates only to general purpose financial statements;
  - make AASB 1053 consistent with the availability of the AASB 108 option in AASB 1 First-time Adoption of Australian Accounting Standards;
  - clarify certain circumstances in which an entity applying Tier 2 reporting requirements can apply the AASB 108 option in AASB 1;
  - permit an entity applying Tier 2 reporting requirements for the first time to do so directly using the requirements in AASB 108 (rather that applying AASB 1) when, and only when, the entity had not

applied, or only selectively applied, applicable recognition and measurement requirements in its most recent previous annual special purpose financial statements; and

- specify certain disclosure requirements when an entity resumes the application of Tier 2 reporting requirements.

The standard is not expected to impact the company.

- AASB 2014-3 Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations (applicable for annual reporting periods commencing on or after 1 July 2016).

  This standard amends AASB 11 to provide guidance on the accounting for acquisitions of interests in joint operations in which the activity constitutes a business. The amendments require the acquirer of an interest in a joint operation in which the activity constitutes a business to apply all of the principles in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11 in accounting for the acquisition. AASB 2014-3 also requires disclosure of the information required by AASB 3 and other Australian Accounting Standards for business combinations.

  This standard is not expected to impact the company.

- AASB 2014-4 Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation (applicable for annual reporting periods commencing on or after 1 July 2016).

  This standard amends AASB 116 and AASB 138 to establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset and to clarify that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate. The standard also clarifies that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.

  This standard is not expected to impact the company.

- IFRS 15 Revenue from Contracts with Customers (applicable for annual reporting periods commencing on or after 1 January 2017).

  IFRS 15 establishes a single, comprehensive framework for revenue recognition, and replaces the previous revenue Standards IAS 18 Revenue and IAS 11 Construction Contracts, and the related Interpretations on revenue recognition IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC-31 Revenue—Barter Transactions Involving Advertising Services.

  IFRS 15 introduces a five step process for revenue recognition with the core principle of the new Standard being for entities to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the entity expects to be entitled in exchange for those goods or services.

  IFRS 15 will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple-element arrangements.

  The company has not yet assessed the impact of this standard.

- Interpretation 21: Levies (applicable for annual reporting periods commencing on or after 1 January 2014).

  Interpretation 21 clarifies the circumstances under which a liability to pay a levy imposed by a government should be recognised, and whether that liability should be recognised in full at a specific date or progressively over a period of time. This Interpretation is not expected to significantly impact the Group's financial statements.

  The Company does not anticipate early adoption of any of the above Australian Accounting Standards or Interpretations.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by Group entities, except as explained in notes 2(e).

Certain comparative amounts have been reclassified to conform with the current year's presentation.

(a) Basis of consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent (Frankland River Olive Company Limited) and all of the subsidiaries (including any structured entities). Subsidiaries are entities the parent controls. The parent controls an entity when it 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 over the entity. A list of the subsidiaries is provided in Note 27.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as "non-controlling interests". The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

(i) Business combinations

Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is attained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured in each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to business combinations, other than those associated with the issue of a financial instrument, are recognised as expenses in profit or loss when incurred.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

Measuring goodwill

The Group measures goodwill as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date.

Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Group to the previous owners of the acquiree, and equity interests issued by the Group.

Share-based payment awards

When share-based payment awards exchanged (replacement awards) for awards held by the acquiree's employees (acquiree's awards) relate to past services, then a part of the market-based measure of the awards replaced is included in the consideration transferred. If they require future services, then the difference between the amount included in consideration transferred and the market-based measure of the replacement awards is treated as post-combination compensation cost.

(a) Basis of consolidation (continued)

Contingent liabilities

A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably.

Transaction costs

Transaction costs that the Group incurs in connection with a business combination, such as finder's fees, legal fees, due diligence fees, and other professional and consulting fees, are expensed as incurred.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

(iii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Fair Value of Assets and Liabilities

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instrument, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

(c) Foreign currency

Both the functional and presentation currency of Frankland River Olive Company Limited and its subsidiaries is Australian dollars.

Transactions in foreign currencies are translated to the functional currency of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

(d) Cash on hand and at bank

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

(e) Trade and other receivables

Trade receivables, which generally have 30-90 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. An estimate for doubtful debts is made when there is objective evidence of impairment and the collection of the full amount is no longer probable. Bad debts are written off when identified.

(f) Trade and other payables

Liabilities for trade payables and other amounts are carried at amortised cost and represent liabilities for goods and services received, whether or not billed to the Group. Deferred cash settlements are recognised at the present value of the outstanding consideration payable on the acquisition of an asset discounted at prevailing commercial borrowing rates.

(g) Interest bearing liabilities

All loans and borrowings are initially recognised at the fair value of the consideration received net of issue costs associated with the borrowing. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement. Gains and losses are recognised in the statement of Profit or Loss and Other Comprehensive Income when the liabilities are derecognised as well as through the amortisation process.

(h) Inventories

Inventories, other than agricultural produce (olives) harvested from biological assets (olive trees), are valued at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and condition are accounted for as follows:

Raw materials – purchase cost on a first-in, first-out basis;

Finished goods and work-in-progress – cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

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

(i) Property, plant and equipment

Property

Freehold land and buildings are carried at their fair value (being the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction), based on periodic, valuations by external independent valuers, less accumulated depreciation for buildings.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same asset are recognised against revaluation surplus directly in equity; all other decreases are recognised in profit or loss.

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

Plant and equipment

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 3(l) for details of impairment).

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including buildings, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the consolidated group commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Buildings	over 40 years
Plant and equipment	over 3 – 15 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in profit or loss in the period in which they arise. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

(j) Leases

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as the lease income.

Operating lease payments are recognised as an expense in the Statement of Profit or Loss and Other Comprehesive Income on a straight-line basis over the lease term.

(k) Olive trees

Olive trees are measured at their fair market value less estimated point-of-sale costs at the end of each reporting period. The fair value has been determined by reference to current directors' valuations. The market value of the olive trees has been valued in accordance with accepted valuation methodologies based on comparable market values of recent sales and probable future returns from the olive trees.

Net increments or decrements in the fair value less estimated point-of-sale costs of olive trees are recognised as revenues or expenses in the net profit or loss, determined as:

(i) the difference between the total fair value less estimated point-of-sale costs of the trees recognised at the beginning of the financial year and the total fair value less estimated point-of-sale costs of the trees recognised as at the reporting date; less

(ii) costs incurred during the financial year to acquire and plant trees.

(l) Impairment of non-financial assets

The Group assesses at the end of each reporting period whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those assets from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired assets unless the asset is carried at revalued amounts (on which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systemic basis over its remaining useful life.

(m) Intangible assets

Water Licences

Water licences are recorded at fair value at balance date. Water licences have an indefinite life and are not amortised. Water licences are tested annually for impairment.

(n) Provisions

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

Employee Benefits

Short-term employee benefits

Provision is made for the Group's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Group's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position. The Group's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

(o) Issued capital

Issued and paid up capital is recognised at the fair value of the consideration received by the company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(p) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and can be measured reliably. Risks and rewards are considered passed to the buyer at the time of delivery of the goods to the customer.

Rendering of services

Revenue from services is recognised when the services are rendered and can be measured reliably.

Lease income

Income from lease of property, plant and equipment is recognised on a straight line basis over the period of the lease.

(p) Revenue (continued)

Interest

Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

(q) Income tax

Income tax expense comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(r) Goods and services tax

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

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

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

(s) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares.

(t) Segment information

The Group determines and presents operating segments based on the information that internally is provided to the Board of Directors as the Group's chief operating decision maker.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are regularly reviewed by the Group's chief decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

4. Financial risk management and financial instruments

Overview

The Group's principal financial instruments comprise lease liabilities, related party loans and bank loans. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as cash and cash equivalent, trade receivables and trade payables, which arise directly from its operations.

It is, and has been throughout the year, the Group's policy that no trading in financial instruments shall be undertaken.

The Group has exposure to the following risks from their use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and their management of capital. Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 3 to the consolidated financial statements.

Risk Management framework

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. In managing the risk, the Directors endeavour to reduce the impact of short term fluctuations on the Group's earnings. Over the long term, however, permanent changes in foreign exchange, commodity and interest rates will have an impact on Group's earnings with the extent of this impact dependent on the level of cash resources held by the Group.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Management also considers the demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk, particularly in the current deteriorating economic circumstances. However, there are no significant concentrations of credit risk within the Group. The Group principally trades with recognised, creditworthy third parties and the receivable balances are monitored on an ongoing basis to minimise the risk.

The Group has established an allowance for impairment that represents their estimate of incurred losses in respect of trade and other receivables.

Exposure to credit risk

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the end of the reporting period was:

	Note	Carrying amount 2014	2013
		$	$
Cash on hand and at bank	10	19,957	28,742
Trade and other receivables	11	302,745	224,145
		323,702	252,887

4. Financial risk management and financial instruments (continued)

Impairment losses

The aging of the Group's trade and other receivables at the end of the reporting period was:

	Gross	Impaired	Net	Past due but not impaired
	2014	2014	2014	2014
	$	$	$	$
Trade debtors				
Not past due	93,129	-	**93,129**	-
Past due up to 3 months	74,789	-	**74,789**	74,789
Past due 3 to 6 months	70,613	-	**70,613**	70,613
Past due over 6 months	85,270	(21,056)	**64,214**	64,214
Total	323,800	(21,056)	**302,745**	209,616

	Gross	Impaired	Net	Past due but not impaired
	2013	2013	2013	2013
	$	$	$	$
Trade debtors				
Not past due	112,244	-	**112,244**	-
Past due up to 3 months	95,673	-	**95,673**	95,673
Past due 3 to 6 months	14,306	-	**14,306**	14,306
Past due over 6 months	21,773	(19,852)	**1,921**	1,921
Total	243,996	(19,852)	**224,145**	111,900

4. Financial risk management and financial instruments (continued)

The movement in the allowance for impairment in respect of loans and receivables during the year was as follows:

	Note	2014	2013
		$	$
Balance at 1 July		19,582	19,506
Allowance for impairment recognised during the year		1,474	346
Receivables written off as uncollectible		-	-
Balance at 30 June		21,056	19,852

The impaired receivables mainly relate to debts owing to the Group that may not be recovered. The past due but not impaired receivables relate to a few independent customers for whom there is no history of default and collection is expected. Based on historic default rates, the Group believes that no impairment allowance is necessary in respect of trade receivables not past due.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of loan facilities and finance leases.

At the end of the reporting period, the following financing facilities had been negotiated and were available:

	2014	2013
	$	$
Total facilities		
– bank loan	-	3,600,000
– business credit cards	50,000	50,000
Facilities used at the end of the reporting period		
– bank loan	-	3,600,000
– business credit cards	49,492	47,801
Facilities unused at the end of the reporting period date		
– bank loan	-	-
– business credit cards	508	2,199

4. Financial risk management and financial instruments (continued)

Liquidity risk (continued)

The following are the contractual maturities of financial liabilities:

30 June 2014	Notes	Carrying amount	1 year or less	1 - 5 years	More than 5 years
Financial liabilities		$	$	$	$
Trade and other payables	16	993,208	993,208	-	-
Bank Loan	18	-	-	-	-
Finance lease liabilities	18	17,047	5,731	11,316	-
Loans from related parties	18	8,782,344	-	8,782,344	-
		9,792,599	998,939	8,793,660	-
30 June 2013					
Financial liabilities					
Trade and other payables	16	876,022	876,022	-	-
Bank Loan	18	3,600,000	200,000	3,400,000	-
Finance lease liabilities	18	244,172	196,932	47,240	-
Loans from related parties	18	3,502,401	-	3,502,401	-
		8,222,595	1,272,954	6,949,641	-

Market risk

Market risk is the risk that changes in market prices such as oil prices, foreign exchange rates and interest rates and will affect the Group's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Olive Oil Price risk

The Group is exposed to oil price risk. In the last twelve months global oil prices have risen. The Group's exposure to oil price risk at the reporting date was moderate (2013:moderate).

Currency risk

The Group is exposed to currency risk on sales and purchases that are denominated in a currency other than the Australian dollar. The currency giving rise to this risk is primarily Euro. The Group does not seek to hedge this exposure at this stage of its development.

The Group's exposure to foreign currency risk at the reporting date was insignificant (2013: nil).

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long term debt obligations. The terms and conditions have been discussed in Note 18.

At the end of the reporting period the interest rate profile of the Group's interest-bearing financial instruments was:

	Carrying amount 2014	2013
	$	$
Fixed rate instruments		
Finance lease liabilities	17,047	235,125
Related party loans	8,782,344	3,502,401
	8,799,391	3,737,526
Variable rate instruments		
Bank loan	-	3,600,000
Trade and other payables - credit cards	-	47,801
	-	3,647,801

4. Financial risk management and financial instruments (continued)

Sensitivity analysis for variable rate instruments

A change of 4 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

	Profit or loss		Equity	
	4bp increase	4bp decrease	4bp increase	4bp decrease
	$	$	$	$
30 June 2014				
Variable rate instruments	(1,305)	1,305	(1,305)	1,305
	(1,305)	**1,305**	**(1,305)**	**1,305**
30 June 2013				
Variable rate instruments	(1,425)	1,425	(1,425)	1,425
	(1,425)	**1,425**	**(1,425)**	**1,425**

5. Fair Value Measurements

(a) Fair Value Hierarchy

AASB 13: Fair Value Measurement requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1	Level 2	Level 3
Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.	Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.	Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

5. Fair Value Measurements (continued)

	Note	Level 1	Level 2	Level 3	Total
		30 June 2014			
		$'000	**$'000**	**$'000**	**$'000**
Recurring fair value measurements					
Property, plant and equipment					
Freehold land	13	-	5,498,244	-	5,498,244
Freehold buildings	13	-	1,940,118	-	1,940,118
Intangible Assets					
Water Licence	15	-	-	1,710,000	1,710,000
Biological Assets					
Olive Trees	14	-	-	5,940,000	5,940,000
Total non-financial assets recognised at fair value on a recurring basis		-	7,438,362	7,650,000	15,088,362

	Note	Level 1	Level 2	Level 3	Total
		30 June 2013			
		$'000	**$'000**	**$'000**	**$'000**
Recurring fair value measurements					
Property, plant and equipment					
Freehold land	13	-	5,498,244	-	5,498,244
Freehold buildings	13	-	2,010,853	-	2,010,853
Intangible Assets					
Water Licence	15	-	-	1,995,000	1,995,000
Biological Assets					
Olive Trees	14	-	-	15,824,692	15,824,692
Total non-financial assets recognised at fair value on a recurring basis		-	7,509.097	17,819,692	25,328,789

5. Fair Value Measurements (continued)

Valuation Techniques and Inputs Used to Measure Level 2 Fair Values

Description	Fair Value at 30 June 2014 $000	Valuation Technique(s)	Inputs Used
Non-financial assets			
Freehold land(i)	5,498,244	Market approach using recent observable market data for similar properties; income approach using discounted cash flow methodology	Price per hectare; market borrowing rate
Freehold buildings(i)	1,940,118	Market approach using recent observable market data for similar properties; income approach using discounted cash flow methodology	Price per square metre; market borrowing rate
	7,438,362		

(i) The fair value of freehold land and buildings is determined at least every three years based on valuations by an independent valuer. At the end of each intervening period, the directors review the independent valuation and, when appropriate, update the fair value measurement to reflect current market conditions using a range of valuation techniques, including recent observable market data and discounted cash flow methodologies.

Transfers between levels of the hierarchy

There were no transfers between levels of the fair value hierarchy.

Highest and best use

The current use of each asset measured at fair value is considered to be its highest and best use.

Valuation Techniques and Unobservable Inputs Used to Measure Level 3 Fair Values

At level 3, the Intangible Asset (Water Licence) assessed as at 30 June 2014 by the Directors. The fair value of the asset has been valued based on similar assets, location and market conditions or Direct Comparison or the Comparative Sales Approach. The land value per hectare based on rural land sold in the general location provided a rate which included ground water licence. An 10% change would increase or decrease the intangible asset's fair value by $171,000. There have been no unusual circumstances that may affect the value of the intangible asset.

At level 3, the Olive Trees' value was assessed as at 30 June 2014 by the Directors. The fair value of the trees is at the Directors' valuation having regard to, amongst other matters, replacement cost and the trees commercial production qualities. The significant unobservable input is the replacement cost of established fruiting trees. There are no age limits to the commercial viability of an olive grove. A 10% change in the minimum replacement cost would result in an increase or decrease by $594,000. There have been no unusual circumstances that may affect the value of the Olive Trees.

	Intangible Assets $	Olive Trees $	Total $
Balance at 1 July	1,995,000	15,824,692	17,819,692
Impairment recognised in Profit or Loss	-	(9,884,692)	(9,884,692)
Impairment recognised in Asset Revaluation Reserve	(285,000)	-	(285,000)
Balance at 30 June	1,710,000	(5,940,000)	7,650,000

6. Revenue from ordinary activities

	2014	2013
	$	$
Revenue from sale of olive products	1,639,532	1,971,338
Revenue from trading and contracting	15,186	5,878
	1,654,718	1,997,216

7. Other income

	2014	2013
	$	$
Interest income	304	1,128
Diesel fuel rebate	29,383	27,237
Income from debt forgiven	-	246,311
Other	15,697	24,786
	45,384	299,462

8. Finance costs

	2014	2013
Interest expense	$	$
Bank loan	130,262	297,128
Finance lease	32,379	24,184
Related party loans	810,621	383,768
Other interest	5,666	28,394
	978,928	733,474

9. Income tax

The major components of income tax expense are:

	2014	2013
	$	$
Current income tax		
Research and development rebate received	235,667	236,417
Deferred income tax		
Origination and reversal of temporary differences	-	-
Income tax benefit/(expense) reported in the Consolidated Statement of Profit or Loss and Other Comprehensive Income	**235,667**	**236,417**

9. Income tax (continued)

A reconciliation between tax expense and the product of accounting (loss) before income tax multiplied by the Group's applicable income tax rate is as follows:

	2014 $	2013 $
Accounting loss before income tax	(11,321,400)	(1,225,160)
At the Group's income tax rate of 30% (2013: 30%)	(3,396,420)	(325,769)
Income tax benefit from research and development tax	(235,667)	(236,417)
Current year tax losses for which no deferred tax was recognised	3,396,420	325,769
Income tax benefit/(expense) reported in the Consolidated Statement of Profit or Loss and Other Comprehensive Income	**235,667**	**236,417**

Unrecognised deferred tax liabilities

	2014 $	2013 $
Unrecognised deferred tax liabilities	(1,415,684)	(956,414)

Unrecognised deferred tax assets

The Group Entity has not recognised deferred tax assets. The deferred tax assets will only be obtained if:

- The Group Entity derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions of the losses to be realised;
- The Group Entity continues to comply with the conditions for deductibility imposed by tax legislation. No Change in tax legislation adversely affected the Group Entity.

	2014 $	2013 $
Unrecognised deferred tax assets	(2,225,562)	(1,596,767)

Tax consolidation

For the purposes of income taxation, the Company and its 100% owned subsidiary have not formed a tax consolidation group

10. Cash on hand and at bank

	2014	2013
	$	$
Cash on hand	187	2
Cash at bank	19,770	28,740
Cash on hand and at bank	19,957	28,742

The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in note 4.

(a) Reconciliation of cash flows from operating activities

	2014	2013
	$	$
Net loss for the year	(11,606,400)	(988,743)
Adjustments for:		
Depreciation	363,494	388,573
Interest on related party loan capitalised to the loan balance	810,621	-
(Gain)/Loss on debt forgiveness	-	(246,311)
Changes in assets and liabilities:		
Decrease/(Increase) in trade and other receivables	(317,712)	(9,444)
Decrease/(Increase) in prepayments	(50,991)	30,612
Decrease/(Increase) in inventories	(139,120)	(19,896)
(Decrease)/Increase in trade and other payables	117,186	(71,103)
Increase/(Decrease) in provisions for employee benefits	(2,524)	(14,710)
(Decrease)/Increase in provision for impairment of inventory	-	592,119
Decrease/(Increase) in fair value of olive trees	9,884,692	-
Decrease/(Increase) in fair value of water licence	285,000	-
Net cash used in operating activities	(655,754)	(338,903)

(b) Non-cash financing and investing activities

There were no non-cash financing or investing activities entered into during the current financial year.

11. Trade and other receivables

	2014	2013
	$	$
Trade debtors	323,800	243,996
Allowance for impairment	(21,056)	(19,852)
Research and development rebate receivable	235,667	-
Other receivables	3,446	-
	541,857	224,145

The Group's exposure to credit and currency risks, and impairment losses related to trade and other receivables is disclosed in note 4.

12. Inventories

	2014 $	2013 $
Finished goods	1,064,111	323,785
Packaging materials	133,864	81,443
Goods in transit	-	28,418
Work in progress	-	625,209
	1,197,975	1,058,855

(a) During the year ended 30 June 2014 inventories recognised as cost of sales amounted to $818,039 (2013: $941,586).

(b) Finished goods comprise extra virgin olive oil in both packaged and bulk forms.

13. Property, plant and equipment

	Freehold land $	Buildings $	Plant & equipment $	Plant & equipment under lease $	Total $
30 June 2014					
At cost or fair value	5,498,244	3,171,504	6,267,287	232,289	15,169,324
Accumulated depreciation	-	(1,231,386)	(4,668,006)	(181,344)	(6,080,736)
	5,498,244	1,940,118	1,599,281	50,945	9,088,588
30 June 2013					
At cost or fair value	5,498,244	3,171,504	6,267,287	232,289	15,169,324
Accumulated depreciation	-	(1,160,651)	(4,386,698)	(169,823)	(5,717,172)
	5,498,244	2,010,853	1,880,589	62,466	9,452,152

Movements in carrying amounts

Movements in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the financial year were as follows:

	Freehold land $	Buildings $	Plant & equipment $	Plant & equipment under lease $	Total $
Balance at 1 July 2012	5,498,244	2,128,853	2,086,178	76,907	9,790,182
	-				
Additions	-	-	50,612	-	50,612
Disposals	-	-	-	-	-
Depreciation expense	-	(118,000)	(256,201)	(14,441)	(388,642)
Balance at 30 June 2013	5,498,244	2,010,853	1,880,589	62,466	9,452,152
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Depreciation expense	-	(70,735)	(281,308)	(11,521)	(363,564)
Balance as at 30 June 2014	5,498,244	1,940,118	1,599,281	50,945	9,088,588

14. Olive trees

	2014	2013
	$	$
Olive trees at fair value		
Fair value at the beginning of the year	15,824,692	15,824,692
Net increment/(decrement) in fair value	(9,884,692)	-
Fair value at the end of the year	5,940,000	15,824,692

Nature of assets

The Group owns 783 hectares of land in Frankland and 1,360 hectares of land in Mogumber, both in Western Australia of which 735 hectares have been planted with olive trees.

The fair value of olive trees is at the Directors' valuation having regard to amongst other matters, replacement cost and the trees' commercial production quality.

15. Intangible Assets

	2014	2013
	$	$
Water Licence		
At Fair Value	1,995,000	1,995,000
Revaluation / (Impairment)	(285,000)	-
	1,710,000	1,995,000

Movements in carrying amounts

Movements in the carrying amounts for each class of intangible asset between the beginning and the end of the financial year were as follows:

	2014	2013
Water Licence	$	$
At 1 July	1,995,000	1,995,000
Revaluation / (Impairment)	(285,000)	-
At 30 June	1,710,000	1,995,000

The water licence pertains to the Olive Grove property in Mogumber, Western Australia, As at 30 June 2014, the Directors assessed the value of the water licence and revalued the water licence downwards by $285,000 from the previous reporting date.

16. Trade and other payables

	2014	2013
	$	$
Trade payables due to related parties	893,282	443,979
Other trade payables and accruals	99,926	432,043
	993,208	876,022

Trade creditors are non-interest bearing and are normally settled between 30 and 90 day terms.

The Group's exposure to liquidity risk related to trade and other payables is disclosed in note 4.

17. Employee Benefits Provision

	2014	2013
	$	$
Current	15,584	15,667
Non-Current	18,935	16,328
	34,519	31,995

18. Loans and borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost. For more information about the Group's exposure to interest rate and liquidity risk, see note 4.

	2014 $	2013 $
Current		
Secured liabilities		
Finance lease liability	5,731	196,932
Related party loans	-	-
Bank bill facility	-	200,000
	5,731	396,932
Non-current		
Secured liabilities		
Finance lease liability	11,316	47,240
Related party loans	8,782,345	3,502,401
Bank bill facility	-	3,400,000
	8,793,661	6,949,641
	8,799,392	7,346,573

Secured liabilities

Total current and non-current secured liabilities:

	2014 $	2013 $
Bank loan	-	3,600,000
Finance lease liability	17,047	244,172
	17,047	3,844,172

(a) Assets pledged as security

The carrying values of non-current assets pledged as security are:

	Notes	2014 $	2013 $
Freehold land	13	5,498,244	5,498,244
Buildings	13	1,940,118	2,010,853
Olive trees	14	5,940,000	15,824,692
Plant and equipment	13	1,599,281	1,880,586
		13,986,164	25,214,375

18. Loans and borrowings (continued)

(b) Terms and conditions of loans

Terms and conditions of the outstanding loans are as follows:

	Interest rate	Year of maturity
	BIR* +	
Finance lease liability	Between 8.5 - 12.7%	2012 - 2017
Related party loans	10%	2015

*BIR – Base Indicator Rate (30 June 2014: 5.97% p.a.; 30 June 2013: 5.67%p.a.)

(c) Related party loan

The related party loan comprises the following balances:

	Toscana (WA) Pty Ltd[1]	Total
	$	$
Balance at 1 July 2013	3,502,401	3,502,401
Funds advanced	4,396,685	4,396,685
Accrued interest	883,258	883,258
Repayments	-	-
Balance at 30 June 2014	8,782,344	8,782,344

	Toscana (WA) Pty Ltd[1]	Total
	$	$
Balance at 1 July 2012	4,068,219	4,068,219
Funds advanced	777,415	777,415
Accrued interest	383,767	383,767
Repayments	(1,727,000)	(1,727,000)
Balance at 30 June 2013	3,502,401	3,502,401

1) Toscana (WA) Pty Ltd is a major shareholder of the Company as well as an entity associated with Ivo Paul Letari, the non-executive director of the Company.

19. Issued Capital

	2014	2013
	$	$
Ordinary shares fully paid 568,930,458 (2013: 568,930,458)	43,082,675	43,082,675

(a) Ordinary Shares

	Notes	2014	2013
		$	$
At the beginning of the reporting period		43,082,675	41,153,435
Shares issued during the year:			
14/12/2012		-	1,927,365
10/04/2013		-	1,875
At the end of the reporting period		43,082,675	43,082,675

(b) Share options

There were no unissued ordinary shares in respect of which options were outstanding as at 30 June 2014 (2013: Nil).

(c) Terms and conditions of share capital

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number and amounts paid up on shares held.

Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company. Ordinary shares have no par value and the company does not have a limited amount of authorised capital.

20. Earnings per share

The calculation of basic loss per share was based on the following:

	2014	2013
Net loss attributable to the members of the parent ($)	(11,606,400)	(988,743)
Weighted average number of shares	568,930,458	390,233,256

21. Share based payment plans

There have been no options issued during the year ended 30 June 2014 (2013: nil).

22. Related party disclosures

(a) Key management personnel compensation

Individual directors and executives compensation disclosures

Information regarding individual directors and executives compensation including amounts outstanding as at 30 June 2014 and some equity instruments disclosures as required by Corporations Regulations 2M.3.03 is provided in the remuneration report section of the directors' report.

No director has entered into a material contract with the Group since the end of the previous financial year and there were no material contracts involving directors' interests existing at year-end.

(b) Directors and Key Management Personnel options and rights over equity instruments

There were no options or rights over ordinary shares held by Key Management Personnel at the beginning, during or at the end of the financial year (2013: nil).

(c) Key management personnel - other transactions

A number of key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities.

A number of these entities transacted with the Group in the reporting period. The terms and conditions of the transactions with key management personnel and their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-key management personnel related entities on an arm's length basis.

The aggregate value of transactions and outstanding balances relating to key management personnel and entities over which they have control or significant influence were as follows:

	Transaction	Transactions value year ended 30 June 2014	2013
Key Management Personnel and their related entites:		**$**	**$**
Expenditure			
Paul Letari – Toscana (WA) Pty Ltd	Loan Interest	883,258	383,768
Paul Letari – Toscana (WA) Pty Ltd	Rent	22,536	18,333
Paul Letari – Toscana (WA) Pty Ltd	Operational	210,759	359,645
Paul Letari – IP & E Letari	Rent	81,576	66,000
Total and current liabilities			

From time to time, directors of the Group, or their related entities, may purchase goods from the Group. These purchases are on the same terms and conditions as those entered into by other Group employees or customers and are trivial or domestic in nature.

23. Operating segments

Operating segments are identified and segment information disclosed on the basis of internal reports that are regularly provided to, or reviewed by, the Group's chief operating decision maker which, for the Group, is the Board of Directors. In this regards, such information is provided using the same measures as those used in preparing the statement of profit or loss and other comprehensive income and statement of financial position.

The Group operates in one segment, the olive production industry. The olive operation comprises the growing, harvesting, processing and sale of extra virgin olive oil and olives. The Group operates only in Australia.

24. Commitments

(a) Finance leases

	2014	2013
	$	$
Not later than one year	7,566	213,236
Later than 1 year but not later than five years	12,609	50,931
Total minimum lease payments	20,175	264,167
Future finance charges	(3,128)	(16,026)
Lease liability	17,047	248,141
Present value of lease liability		
Current liability	5,731	200,942
Non-current liability	11,316	47,199
	17,047	248,141

(b) Operating leases

	2014	2013
	$	$
Not later than one year	104,112	104,236
Later than 1 year but not later than five years	-	-
Total minimum lease payments	104,112	104,236

The Group has entered into commercial leases on the head office and warehouse.

25. Contingent liabilities

The Group has no known contingent liabilities at the date of this report.

26. Auditors' remuneration

	2014	2013
	$	$
Amount received or due and receivable by William Buck Audit (WA) Pty Ltd	39,298	38,808
	39,298	38,808

27. Parent Entity Disclosures

As at, and throughout the financial year ended 30 June 2014 the parent company of the Group was Frankland River Olive Company Ltd.

	2014 $	2013 $
Result of the parent entity		
Loss for the year	(6,578,863)	(977,815)
Total comprehensive loss for the year	(6,578,863)	(977,815)
Financial position of the parent entity at year end		
Current assets	2,255,511	580,872
Total assets	19,391,817	26,534,091
Current liabilities	(52,274)	(1,070,233)
Total liabilities	(8,864,870)	(8,245,386)
Total equity of the parent entity comprising of:		
Share capital	(43,082,674)	(43,082,674)
Accumulated losses	32,006,320	24,793,969
Total equity	(11,076,445)	(18,288,705)

Parent entity contingencies

The Company has no known contingencies guarantees and commitments at the date of this report.

Subsidiary information

Subsidiary	Country of incorporation	Ownership interest 2014	2013
Gingin Land Company Ltd	Australia	100%	100%

The principal activity of **Gingin Land Company Limited** is that of operating fully irrigated olive groves.

28. Subsequent events

The Company's major shareholder, Toscana (WA) Pty Ltd, has advanced the Company a further $53,301 since 1 July 2014. These funds have been used for working capital purposes primarily for the harvest. Toscana (WA) Pty Ltd has indicated that it intends to continue providing further loan funds to the Company for working capital purposes and to ensure that the Company has sufficient funds to continue trading and to pay its debts as and when due.

Frankland River Olive Company Limited and Controlled Entities
Directors Declaration
For the year ended 30 June 2014

In the opinion of the directors of Frankland River Olive Company Ltd ('the Company'):

1 the consolidated financial statements and notes and the Remuneration report in the Directors' report, set out on pages 6 to 9, are in accordance with the Corporations Act 2001, including:

a) giving a true and fair view of the Group's financial position as at 30 June 2014 and of its performance, for the financial year ended on that date; and

b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;

c) the financial report also complies with International Financial Reporting Standards as disclosed in note 2(a);

d) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2 The directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the chief executive officer and chief financial officer for the financial year ended 30 June 2014.

Signed in accordance with a resolution of the directors:

Dated at Perth this 26th of November 2014.

Paul Letari

Director

William Buck

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FRANKLAND RIVER OLIVE COMPANY LIMITED AND CONTROLLED ENTITIES

Report on the Financial Report

We have audited the accompanying consolidated financial report on pages 19 to 53 of Frankland River Olive Company (the Company) and the entities it controlled at year's end or from time to time during the financial year (the consolidated entity). The consolidated financial report comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the 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.

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 gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 2(a), 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. Those 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 of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

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

CHARTERED ACCOUNTANTS & ADVISORS
Level 3, 15 Labouchere Road
South Perth WA 6151
PO Box 748
South Perth WA 6951
Telephone: +61 8 6436 2888
williambuck.com

William Buck

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FRANKLAND RIVER OLIVE COMPANY LIMITED AND CONTROLLED ENTITIES (CONT)

Auditor's Opinion

In our opinion:

a) the financial report of the consolidated entity on pages 19 to 53 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 2014 and of its performance for the year ended on that date; and
   ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 2(a).

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 6 to 9 of the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion, the Remuneration Report of Frankland River Olive Company Limited for the year ended 30 June 2014, complies with section 300A of the Corporations Act 2001.

Matters Relating to the Electronic Presentation of the Audited Financial Report

This auditor's report relates to the financial report of Frankland River Olive Company Limited for the year ended 30 June 2014 included on Frankland River Olive Company Limited's web site. The company's directors are responsible for the integrity of the Frankland River Olive Company Limited's web site. We have not been engaged to report on the integrity of the Frankland River Olive Company Limited's web site. The auditor's report refers only to the financial report. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.

William Buck

William Buck Audit (WA) Pty Ltd
ABN 67 125 012 124

Conley M. Manifis
Director

Dated this 26th day of November, 2014

William Buck

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF FRANKLAND RIVER OLIVE COMPANY LIMITED AND CONTROLLED ENTITIES

I declare that, to the best of my knowledge and belief during the year ended 30 June 2014 there have been:

— no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

— no contraventions of any applicable code of professional conduct in relation to the audit.

William Buck

William Buck Audit (WA) Pty Ltd
ABN 67 125 012 124

Conley M. Manifis
Director

Dated this 26th day of November, 2014

CHARTERED ACCOUNTANTS
& ADVISORS
Level 3, 15 Labouchere Road
South Perth WA 6151
PO Box 748
South Perth WA 6951
Telephone: +61 8 6436 2888
williambuck.com

ASX additional information

Additional information required by the ASX Limited Listing Rules and not disclosed elsewhere in this report is set out below.

The information is current as at 31st October 2014

Substantial shareholders

The number of shares held by substantial shareholders and their associates are set out below:

Shareholder	**Number**	**% of Issued Capital**
Toscana (WA) Pty Ltd	509,946,996	89.63%
Mrs Mia Iva Civa	11,589,757	2.037%
Alba Capital Pty Ltd	4,873,638	0.857%
Leopard Asset Management Pty	2,500,000	0.439%

Distribution of equity securities

568,930,458 fully paid ordinary shares are held by 489 individual shareholders

All issued ordinary shares carry one vote per share and carry rights to dividends

1 - 1,000	28	12,408	0.00%
1,001 - 5,000	69	178,954	0.03%
5,001 - 10,000	59	450,611	0.08%
10,001 - 100,000	255	9,846,473	1.73%
> 100,000	74	558,447012	98.15%
Total	484	568,930,458	100.00%

ASX additional information (continued)

Twenty largest shareholders

Rank	Name	Units	% of Units
1	TOSCANA (WA) PTY LTD	509,946,996	89.63%
2	MRS MIA IVA CIVA	11,589,757	2.04%
3	ALBA CAPITAL PTY LTD	4,873,638	0.86%
4	LEOPARD ASSET MANAGEMENT PTY	2,500,000	0.44%
5	GA & AM LEAVER INVESTMENTS PTY	2,363,066	0.42%
6	MR JOHN BRYAN BOND & Ms GEMMA PATRICIA BOND	2,201,068	0.39%
7	SECURE ANAESTHETICS PTY LTD	1,786,676	0.31%
8	MR DAVID BOESLEY	1,658,252	0.29%
9	MR TREVOR NEIL HAY	1,561,099	0.27%
10	KSLCORP PTY LTD	1,500,000	0.26%
11	J TAYLOR NOMINEES PTYLTD	1,122,682	0.20%
12	MR GRAHAM LESLIE CULLINGFORD	1,087,800	0.19%
13	MR MICHAEL JOHN BLATCH &	1,007,829	0.18%
14	PFTK NOMINEES PTY LTD	1,000,000	0.18%
15	OAKENSHAW NOMINEES PTY LTD	800,000	0.14%
16	MR NEIL THACKER MACLACHLAN	750,000	0.13%
17	MR SALIM CASSIM	588,236	0.10%
18	MR KEITH HOLT	539,130	0.09%
19	MAT MINING PTY LTD	460,000	0.08%
20	MR JASON MATTHEW CHEETHAM	423,148	0.07%
Totals: Top 20 holders of FLR ORDINARY FULLY PAID		**547,759,377**	**96.28%**
Total Remaining Holders Balance		**21,171,081**	**3.87%**
Total Holders Balance		**568,930,458**	**100**

Offices and officers

Principal Registered Office

Frankland River Olive Company Ltd

1 McDowell Street

Welshpool WA 6986

Ph: + 61 8 9494 2044

Fax: + 61 8 9494 2043

Locations of Share Registry

Advanced Share Registry

150 Stirling Hwy Nedlands WA 6009

PO BOX 1156 Nedlands WA 6909

Ph: +61 8 9389 8033

Fax: +61 8 9389 7871

www.advancedshare.com.au