

Appendix 4E

Preliminary final report

Part 1

Name of entity	Frankland River Olive Company Limited
ABN	29 089 521 997
Financial Year Ended	30 June 2015
Previous Corresponding Reporting Period	30 June 2014

Part 2 - Results for announcement to the market

	\$'000	Percentage increase/(decrease) over previous corresponding period
Revenues from ordinary activities	1,024	(38%)
Loss from ordinary activities after tax	(1,121)	(90 %)
Net loss attributable to members	(1,121)	(90 %)

Dividends	Amount per security	Franked amount per security
Final Dividend	Nil	Nil
Interim Dividend	Nil	Nil
Record date for determining entitlements to the dividend	Not Applicable	

Commentary on Results

The consolidated entity has incurred a net loss after tax for the year ended 30 June 2015 of \$1,121,198 (June 2014 a loss of \$11,557,067). As at 30 June 2015, the consolidated entity had net assets of \$7,601,400 (June 2014: \$8,722,598). The consolidated net cash outflow from operating activities was \$210,742 (June 2014: out flow of \$655,754). In general, the loss is an improvement from last year, due to the net decrement in fair value as Olive Trees of \$9.88m last year.

Revenues were substantially lower than last year. Trading conditions remained difficult with the Australian dollar sitting at relatively high historical levels during the year which continued to present challenges for local producers competing against relatively cheaper imported olive oils.

New directors have been appointed on 27th August 2014 and the company is currently undertaking a thorough review of all aspects of the company's business to identify further opportunities for cost reduction and restructuring, as well as the company's future strategy.

The Company remains fortunate to have the on-going financial support of its largest shareholder Toscana (WA) Pty Ltd. Toscana has previously agreed to provide working capital as and when required to supplement the Company's existing cash flows until such time as the full benefits of the on-going restructuring and marketing initiatives, which commenced over 12 months ago, take effect and fully flow through.

FRANKLAND RIVER OLIVE COMPANY LTD AND CONTROLLED ENTITIES
ACN 089 521 997

**PRELIMINARY CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2015**

Part 3

	2015 \$	2014 \$
Revenue	1,024,425	1,654,718
Cost of sales	(603,223)	(1,125,939)
Gross Profit/(Loss)	421,202	528,779
Other income	41,760	45,384
Distribution and logistics cost	(353,862)	(449,482)
Marketing and promotion costs	(36,630)	(78,058)
Corporate and administrative expenses	(455,837)	(740,070)
Finance costs	(737,831)	(978,928)
Net decrement in fair value of Olive Trees	-	(9,884,692)
(Loss) before income tax expense	(1,121,198)	(11,557,067)
Income tax benefit/(expense)	-	235,667
Net (Loss) for the year	(1,121,198)	(11,321,400)
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	(1,121,198)	(11,606,400)
Basic and diluted loss per share (cents)	(0.2)	(2.00)

FRANKLAND RIVER OLIVE COMPANY LTD AND CONTROLLED ENTITIES
ACN 089 521 997

PRELIMINARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2015

Part 4

	2015	2014
	\$	\$
Assets		
Cash on hand and at bank	4,215	19,957
Trade and other receivables	164,226	541,857
Inventories	2,070,210	1,197,975
Prepayments	73,930	50,991
Total current assets	2,312,581	1,810,780
Property, plant and equipment	8,635,499	9,088,588
Olive trees	5,940,000	5,940,000
Intangible Assets	1,710,000	1,710,000
Total non-current assets	16,285,499	16,738,588
Total assets	18,598,080	18,549,368
Liabilities		
Trade and other payables	1,183,398	992,859
Loans and borrowings	6,506	5,731
Employee Benefits Provision	25,485	15,584
Total current liabilities	1,215,389	1,014,174
Loans and borrowings	9,757,503	8,793,661
Employee Benefits Provision	23,788	18,935
Total non-current liabilities	9,781,291	8,812,596
Total liabilities	10,996,680	9,827,119
Net assets	7,601,400	8,722,598
Equity		
Issued capital	43,082,675	43,082,675
Asset Revaluation Reserve	2,950,464	2,950,464
Accumulated losses	(38,431,739)	(37,310,541)
Total equity attributable to equity holders of the Company	7,601,400	8,722,598

FRANKLAND RIVER OLIVE COMPANY LTD AND CONTROLLED ENTITES
ACN 089 521 997

PRELIMINARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2015

Part 5

	Issued capital \$	Accumulated losses \$	Asset Revaluation reserve \$	Total equity \$
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
Balance at 1 July 2014	43,082,675	(37,310,541)	2,950,464	8,722,598
Total comprehensive income:				
Loss for the year	-	(1,121,198)	-	(1,121,198)
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	(1,121,198)	-	(1,121,198)
Transactions with owners recorded directly into equity:				
Issue of share capital	-	-	-	-
Cost of issue	-	-	-	-
Total transactions with owners	-	-	-	-
Balance at 30 June 2015	43,082,675	(38,431,739)	2,950,464	7,601,400

FRANKLAND RIVER OLIVE COMPANY LTD AND CONTROLLED ENTITIES
ACN 089 521 997

PRELIMINARY CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2015

Part 6

	2015	2014
	\$	\$
Cash flows from operating activities		
Cash receipts from customers	1,341,994	1,554,819
Cash paid to suppliers and employees	(1,535,779)	(2,221,067)
Grants received	11,332	27,237
Interest received	26	304
Finance costs paid	(28,315)	(17,047)
R&D rebate received	-	-
Net cash used in operating activities	(210,742)	(655,754)
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	-	-
Payments for property, plant and equipment	-	-
Net cash used in investing activities	-	-
Cash flows from financing activities		
Proceeds from borrowings	195,000	880,638
Repayment of borrowings	-	(223,668)
Net cash from financing activities	195,000	646,970
Net increase/(decrease) in cash and cash equivalents	(15,742)	(8,784)
Cash and cash equivalents at beginning of year	19,957	28,742
Cash and cash equivalents at end of year	4,215	19,957
Reconciliation of cash and cash equivalents		
Cash balance comprises:		
Cash at bank and on hand	4,215	19,957
Bank overdraft	-	-
	4,215	19,957

Part 6 – Details of Dividends

Amount per security

	Amount per security (cents)	Franked amount per security at 30% tax (cents)	Amount per security of foreign sourced dividend (cents)
Final dividend – current year	Nil	N/A	N/A
– previous year	Nil	N/A	N/A
Interim dividend – current year	Nil	N/A	N/A
– previous year	Nil	N/A	N/A

Total dividends on all securities for the year

	Current Year	Previous Year
Ordinary securities	Nil	Nil

Part 7 – Dividend Reinvestment Plan

The Company does not operate a dividend reinvestment plan.

Part 8 – Accumulated Losses

	\$
Balance at 1 July 2014	(37,310,541)
Loss for the 12 months to 30 June 2015	(1,121,198)
Balance at 30 June 2015	(38,431,739)

Part 9 - Net Tangible Assets per security

	2015	2014
Net tangible assets	5,891,400	7,012,598
Ordinary shares on issue at balance date	568,930,458	568,930,458
Net tangible asset backing per ordinary security	\$0.01	\$0.01

Part 10 – Details of Entities over which Control has been Gained or Lost during the period

There have been no changes to the Entities of which the Company has control over.

Part 11 – Details of Associates or Joint Ventures

	Ownership Interest		Contribution to net (loss)	
	2015	2014	2015	2014
Name of entity				
Associate	N/A	N/A	N/A	N/A
Joint Ventures	N/A	N/A	N/A	N/A

Part 12 – Any Other Significant Information needed by an investor to make an informed assessment of the entity's financial performance and financial position

REVIEW AND RESULTS OF OPERATIONS

Corporate

During the 2015 financial year, there were no changes in the corporate structure of the Company.

Operations

2015 Harvest

The 2015 Harvest commenced in April at the Company's Parmelia Grove and was completed by the end of August at the Frankland Grove. The two groves, Parmelia and Frankland, have recovered substantially over the past twelve months largely due to the restoration pruning carried out after the 2014 harvest. Major irrigation repair and maintenance continues at both groves and considerable expenditure is allocated for a larger volume of fertiliser to bring the olive trees back to full production. As a result of these operational improvements the company had a yield totalling approximately 500,000 litres from this year harvest.

Marketing & Distribution

Have successfully implemented distribution agreements in both Western Australia and New South Wales and sales are now in full motion. Negotiating with new potential distributors in both Queensland and South Australia for a December commencement.

Successfully negotiated National distribution status with Metcash Australia with the addition of New South Wales. Distribution now operating in NSW, QLD, WA and VIC.

Export enquires to Asia have doubled over the past three months with some promising export potentials by the end of the calendar year.

Part 13 – Foreign Entities

Not Applicable

Part 14 – Commentary on Results for the Period

Earnings per share

	2015	2014
Basic loss per ordinary share (cents)	(0.2)	(2.0)
Weighted average number of shares used in the calculation of basic earnings per share	568,930,458	568,930,458

Significant features of operating performance

Result from Ordinary Activities

The result from ordinary activities before income tax expense includes the following significant items of revenue and expenditure:

	2015 \$	2014 \$
REVENUE FROM ORDINARY ACTIVITIES		
Revenue from sale of olive products	985,023	1,639,532
Revenue from trading and contracting services	39,402	15,186
Total revenue	1,024,425	1,654,718
OTHER INCOME		
Interest income	71	304
Diesel fuel rebate	33,080	29,383
Income from debt forgiven	-	-
Other	8,609	15,697
Total other income	41,760	45,384
TOTAL	1,066,185	1,700,102
EXPENSES AND LOSSES		
Depreciation of non-current assets	345,812	363,564
Borrowing costs expensed		
Interest expense		
Bank loan	-	130,262
Finance lease	1,835	32,379
Related party loan	733,078	810,621
Other interest	2,918	5,666
	737,831	978,928
Bank charges and facility fees	-	-
Net foreign exchange loss	-	-
TOTAL BORROWING COSTS EXPENSED	737,831	978,928

Trends in Performance

Overall the olive groves substantially increased their olive yields this harvest from the previous harvest. The increase in yields will be maintained with further improvement over the coming financial years. The exceptional quality of the oil produced and the new marketing initiatives currently underway will ensure that the Company's revenue from the sale of olive products will grow along with overall profitability.

Part 15 – Audit Status

This report is based on accounts to which one of the following applies:

☐

The accounts have been audited.

☐

The accounts have been subject to review.



The accounts are in the process of being audited or subject to review.

☐

The accounts have *not* yet been audited or reviewed.

Part 16 – If the accounts have not yet been audited or subject to review and are likely to be subject to dispute or qualification, a description of the likely dispute or qualification.

Not Applicable

Part 16 – If the accounts have not yet been audited or subject to review and are subject to dispute or qualification, a description of the dispute or qualification.

Not Applicable

Sign here

Nina Letari

Date: 31 August 2015

Print name: Nina Letari (Director)