

Frankland River Olive Company Limited

ABN 29 089 521 997

Financial Report
for the half-year ended 31 December 2015

CORPORATE INFORMATION

FRANKLAND RIVER OLIVE COMPANY LIMITED
ABN 29 089 521 997

Directors

Ivo Paul Letari - Chairman
Mia Iva Civa- Non Executive Director
Nina Letari- Non Executive Director

Company Secretary

Mia Iva Civa

Registered Office

1 McDowell Street
Welshpool Western Australia 6106
Phone : (08) 9494 2044
Fax : (08) 9494 2043

Solicitors

Solomon Brothers

Bankers

St George Bank

Auditors

William Buck Audit (WA) Pty Ltd

Share Registry

Advanced Share Registry Services
110 Stirling Highway
Nedlands Western Australia 6009
Phone: (08) 9389 8033
Fax: (08) 9362 3723

Frankland River Olive Company Limited shares are listed on the Australian Securities Exchange.
Code: FLR

Internet Address

www.jingilli.com.au

DIRECTORS' REPORT

This half year report covers the consolidated entity comprising Frankland River Olive Company Limited and its subsidiaries (the Group).

DIRECTORS

The names of the directors of the company in office during the half year and until the date of this report are:

Ivo Paul Letari (Chairman)

Mia Iva Civa (Non Executive Director)

Nina Letari (Non Executive Director)

REVIEW AND RESULTS OF OPERATIONS

Corporate

During the period, there were no changes in the corporate structure of the company.

Operations

The Company's harvest was completed during the last week of August with a total production of approximately 548,533 litres. During August 35% of the Parmelia grove and 20% of the Frankland River grove was mechanically pruned. A large percentage of the trees mechanically pruned have also undergone selective hand pruning which has reshaped the trees and will allow a more efficient over the row harvest.

The Company continues to make changes to improve efficiencies and to provide further cost savings and will continue to review all areas of its operations to further reduce expenses.

Marketing

The half-year ended 31 December 2015, saw a significant increase in retail with ranging in all the major supermarkets in WA with opportunity to increase the range nationally. Also during the half year, the Company concluded sales on behalf of other Australian extra virgin olive oil "EVOO" producers. This sales volume on behalf of other producers is expected to increase substantially in the current half due to the European export sales. We are expected to have more export sales in the future.

Financial

The consolidated entity has incurred a net loss after tax for the half year ended 31 December 2015 of \$320,416 (December 2014 a loss of \$859,477). The net loss also included depreciation expenses of \$135,300 (December 2014: \$170,548) and interest to Toscana of \$386,716 (December 2014: \$371,284). As at 31 December 2015, the consolidated entity had net assets of \$7,035,234 (June 2015: \$7,355,650). The consolidated net cash inflow from operating activities was \$413,558 (December 2014: inflow of \$115,861).

The Company is fortunate to have the ongoing financial support of its major shareholder Toscana (WA) Pty Ltd (Toscana.) Toscana continues to provide the Company with funding as required to ensure the Company can meet its ongoing

working capital requirements and financial obligations for at least 12 months from the date of signing the financial report.

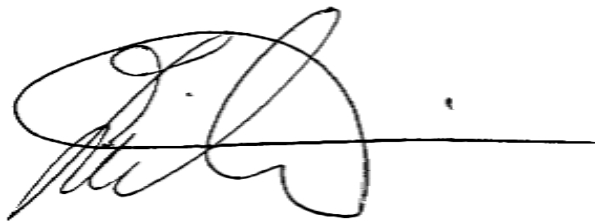
EVENTS SUBSEQUENT TO REPORTING DATE

No material events subsequent to reporting date to report.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 17 which forms part of this report.

Signed in accordance with a resolution of the directors.

A handwritten signature in black ink, appearing to be 'I. Letari', followed by a long horizontal line extending to the right.

Ivo Paul Letari

Director

1 McDowell Street Welshpool, WA 6106, 26th February 2016

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME
HALF YEAR ENDED 31 DECEMBER 2015**

	Notes	31 Dec 2015 \$	31 Dec 2014 \$
Revenue	3	1,691,698	509,147
Cost of sales		(1,025,833)	(292,622)
Gross Profit		665,865	216,525
Other income	4	30,764	12,451
Distribution and logistics cost		(231,156)	(211,999)
Marketing and promotion costs		(53,865)	(29,880)
Corporate and administrative expenses		(146,270)	(302,051)
Finance costs	5	(389,726)	(373,975)
Foreign exchange loss		(60,729)	-
Depreciation		(135,300)	(170,548)
(Loss) before income tax expense		(320,416)	(859,477)
Income tax benefit/(expense)		-	-
Net (Loss) attributable to the members of the parent		(320,416)	(859,477)
Total comprehensive loss attributable to the members of the parent		(320,416)	(859,477)
Basic and diluted loss per share (cents per share)		(0.05)	(0.15)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION**AS AT 31 DECEMBER 2015**

	Notes	31 Dec 2015	30 June 2015
Assets		\$	\$
Cash and cash equivalents		256,498	4,215
Trade and other receivables		217,396	216,979
Inventories	6	1,216,730	1,669,789
Prepayments		18,482	86,678
Total current assets		1,709,106	1,977,661
Property, plant and equipment		8,619,562	8,730,204
Olive trees	7	5,940,000	5,940,000
Intangible Assets		1,710,000	1,710,000
Total non-current assets		16,269,562	16,380,204
Total assets		17,978,668	18,357,865
Liabilities			
Trade and other payables		891,329	1,188,933
Loans and borrowings	10	6,932	6,506
Provisions		21,087	25,485
Total current liabilities		919,348	1,220,924
Loans and borrowings	10	9,998,949	9,757,503
Provisions		25,137	23,788
Total non-current liabilities		10,024,086	9,781,291
Total liabilities		10,943,434	11,002,215
Net assets		7,035,234	7,355,650
Equity			
Issued capital	9	43,082,675	43,082,675
Asset revaluation reserve		2,950,464	2,950,464
Accumulated losses		(38,997,905)	(38,677,489)
Total equity attributable to equity holders of the Company		7,035,234	7,355,650

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
HALF YEAR ENDED 31 DECEMBER 2015

Consolidated	Issued capital \$	Accumulated losses \$	Asset reval reserve \$	Total equity \$
At 1 July 2014	43,082,675	(37,310,541)	2,950,464	8,722,598
Total comprehensive income for the period:				
Net loss for the period	-	(859,477)	-	(859,477)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	-	(859,477)	-	(859,477)
At 31 December 2014	43,082,675	(38,170,018)	2,950,464	7,863,121

Consolidated	Issued capital \$	Accumulated losses \$	Asset reval Reserve \$	Total equity \$
At 1 July 2015	43,082,675	(38,677,489)	2,950,464	7,355,650
Total comprehensive income for the period:				
Net loss for the period	-	(320,416)	-	(320,416)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	-	(320,416)	-	(320,416)
At 31 December 2015	43,082,675	(38,997,905)	2,950,464	7,035,234

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

CONSOLIDATED STATEMENT OF CASH FLOW
HALF YEAR ENDED 31 DECEMBER 2015

	Notes	31 Dec 2015 \$	31 Dec 2014 \$
Cash flows from operating activities			
Cash receipts from customers		1,630,554	892,377
Cash paid to suppliers and employees		(1,236,095)	(770,863)
Grants received		21,993	-
Interest received		61	68
Finance costs paid		(6,581)	(23,730)
Other Income		3,626	18,009
Net cash from operating activities		413,558	115,861
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		14,518	-
Payments for property, plant and equipment		(34,093)	-
Net cash used in investing activities		(19,575)	-
Cash flows from financing activities			
Proceeds from borrowings		186,710	-
Repayment of borrowings		(328,410)	-
Net cash used in financing activities		(141,700)	-
Net increase in cash and cash equivalents		252,283	115,861
Cash and cash equivalents at beginning of period		4,215	19,957
Cash and cash equivalents at end of period		256,498	135,818
Reconciliation of cash and cash equivalents			
Cash balance comprises:			
Cash at bank and on hand		256,498	135,818
		256,498	135,818

The above cashflow should be read in conjunction with the accompanying notes

CONDENSED NOTES TO THE FINANCIAL STATEMENTS**HALF YEAR ENDED 31 DECEMBER 2015****1. CORPORATE INFORMATION**

Frankland River Olive Company Limited (the Company) is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. The consolidated half year report of the Company as at and for the six months ended 31 December 2015 comprises the Company and its subsidiaries, together referred to as the "Group". The consolidated annual financial report of the Group as at and for the year ended 30 June 2015 is available upon request from the Company's registered office at 1 McDowell Street, Welshpool, Western Australia.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES**(a) Basis of preparation**

These general purpose financial statements for the interim half-year reporting period ended 31 December 2015 have been prepared in accordance with requirements of the Corporations Act 2001 and Australian Accounting Standards including AASB 134: Interim Financial Reporting. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Frankland River Olive Company and its controlled entities (the Group). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2015, together with any public announcements made during the half-year.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards. Frankland River Olive Company Ltd has adopted all new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current half year. The adoption of amending standards does not have any impact on the disclosure or the amounts recognised in the Groups condensed financial statements.

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Company for the half year ending 31 December 2015. The company does not believe these standards will have a material impact on the financial statements in the periods in which they are adopted.

Reporting Basis and Conventions

The half – year report has been prepared on an accruals basis and is based on historical costs.

Going Concern

The consolidated entity has incurred a net loss after tax for the half-year ended 31 December 2015 of \$320,416 (December 2014: loss of \$859,477). The consolidated entity experienced net cash inflows from operating activities of \$413,558 (December 2014: inflow of \$115,861). As at 31 December 2015, the consolidated entity had net assets of \$7,035,234 (June 2014: \$7,355,650).

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 intends to continue providing further loan funds to the Company for working capital purposes and to ensure that

Ltd which has sufficient financial capability has provided a letter of support indicating 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. Based on the letter of support provided by Toscana (WA) Pty Ltd as described above and the group trading profitably, the directors have prepared cash flow forecasts that indicate the group 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.

Accordingly, the directors consider it appropriate for the consolidated financial statements to be prepared on the going concern basis.

3. REVENUE

	31 Dec 2015	31 Dec 2014
	\$	\$
Revenue from sale of olive products	1,679,053	492,798
Revenue from trading and contracting services	12,645	16,349
	1,691,698	509,147

4. OTHER INCOME

	31 Dec 2015	31 Dec 2014
	\$	\$
Interest income	61	68
Grants received	21,993	11,935
Other	8,710	448
	30,764	12,451

5. FINANCE COSTS

	31 Dec 2015	31 Dec 2014
	\$	\$
Interest expense		
Finance lease	640	1,016
Related party loans	386,716	371,284
	387,356	372,300
Bank charges and facility fees	2,370	1,675
	389,726	373,975

6. INVENTORIES

	31 Dec 2015	30 Jun 2015
	\$	\$
Finished goods	1,086,045	1,525,175
Packaging materials	130,685	144,614
	1,216,730	1,669,789

- (a) Finished goods comprise extra virgin olive oil in both packaged and bulk form.

7. OLIVE TREES

	31 Dec 2015	30 Jun 2015
	\$	\$
Olive trees at fair value		
Fair value at the beginning of the period	5,940,000	5,940,000
Net increment/(decrement) in fair value	-	-
Fair value at the end of the period	5,940,000	5,940,000

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.

8. OTHER ASSETS AND LIABILITIES

The directors consider that the carrying value of all other financial assets and liabilities recognised in the consolidated financial statements approximate their fair values.

9. SHAREHOLDERS' EQUITY**(a) Issued capital**

	Number of shares	Value \$
Opening balance – as at 1 July 2015	568,930,458	43,082,675
Movement during the period	-	-
Closing balance – as at 31 December 2015	568,930,458	43,082,675

(b) Dividends paid or proposed

No dividends have been paid or proposed for the current period or the corresponding period in the previous year.

10. LOANS AND BORROWINGS

	Interest rate	Carrying Amount
Balance at 1 July 2014		8,799,392
New issues		
Loan to Toscana(WA) Pty Ltd		231,538
Interest accrued on loans from third party		733,078
Balance at 30 June 2015		9,764,008

	Interest rate	Carrying Amount
Balance at 1 July 2015		9,764,008
New issues		
Loan To Toscana (WA) Pty Ltd		186,710
Interest accrued on loans from third party		386,716
Lease principal payments		-
Repayments		
Lease principal payments		(3,143)
Loan		(328,410)
Balance at 31 December 2015		10,005,881

	31 Dec 2015	30 Jun 2015
Current		
Secured liabilities		
Finance lease liability	6,932	6,506
	6,932	6,506
Non-current		
Secured liabilities		
Finance lease liability	1,242	4,810
Related party loans	9,997,708	9,752,692
	9,998,949	9,752,502
Total	10,005,881	9,764,008

11. SEASONALITY OF OPERATIONS

The Group is subject to seasonality of olive production operations with harvest occurring during the second half of the financial year. This does not have a material impact on costs.

12. CONTINGENT LIABILITIES

The contingent liabilities of the entity have not changed from those disclosed in the 2015 Annual Report.

13. SUBSEQUENT EVENTS

No material subsequent events to report.

14. 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 regard, such information is provided using similar measures to 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 olive oil.

(a) Revenue by geographical region

The following is an analysis of the group's revenue based on customers' location, for the half year under review:

	31 Dec 2015	30 Dec 2014
	\$	\$
Australia	560,165	509,147
Asia	3,309	-
Europe	1,128,224	-
Total	1,691,698	509,147

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Frankland River Olive Company Limited, the directors state that:

In the opinion of the directors:


(a) the financial statements and notes of the consolidated entity set out on pages 4 to 15 are in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and the performance for the half-year ended on that date of the consolidated entity; and

(ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and Corporations Regulations 2001; and

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

On behalf of the Board

A handwritten signature in black ink, appearing to be 'I. Letari', followed by a horizontal line extending to the right.

Ivo Paul Letari
Director

1 McDowell Street Welshpool, WA 6106, 26th February 2016

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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Frankland River Olive Company Limited (the company) and the entities it controlled at the half-year's end or from time to time during the half-year (the consolidated entity), which comprises the consolidated statement of financial position as at 31 December 2015, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including:

- giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and
- complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

As the auditor of Frankland River Olive Company Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

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

CHARTERED ACCOUNTANTS & ADVISORS

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South Perth WA 6951
Telephone: +61 8 6436 2888
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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF FRANKLAND RIVER OLIVE COMPANY LIMITED AND CONTROLLED ENTITIES (CONT)

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Frankland River Olive Company Limited is not in accordance with the Corporations Act 2001 including:

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- b) complying with Australian Accounting Standard 134 Interim Financial Reporting and the Corporations Regulations 2001.

Matters Relating to the Electronic Presentation of the Reviewed Half-year Financial Report

This auditor's review report relates to the half-year financial report of Frankland River Olive Company Limited for the half-year ended 31 December 2015 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 review report refers only to the half-year 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 reviewed half-year financial report to confirm the information included in the reviewed financial report presented on this web site.



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



Conley Manifis
Director

Dated this 26th day of February, 2016

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

I declare that, to the best of my knowledge and belief during the half-year ended 31 December 2015 there have been:

- no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.



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



Conley Manifis
Director

Dated this 26th day of February, 2016

**CHARTERED ACCOUNTANTS
& ADVISORS**

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