oliver's™

REAL FOOD LIMITED

annual report

FOR THE YEAR ENDED 30 JUNE 2019

fresh.
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Contents

WELCOME

TO THE WORLD'S FIRST

CERTIFIED ORGANIC™

FAST FOOD CHAIN

LIKE, EVER!

CHAIRMAN LETTER

Dear Shareholder,

A little over fifteen years ago I received a call from Jason Gunn (our two companies had worked together previously) wanting to discuss a fantastic idea, that idea was Oliver's!

He wanted us to invest, and my reaction at the time was that I thought it was a fantastic idea but maybe ahead of its time.

In February this year I received another call from Jason, this time it was asking me to bring my experience in "turn around" management to the board of Oliver's and I accepted. The reason I agreed to come out of my very comfortable retirement and take on this responsibility was that I believe this fantastic idea had truly met its time.

Over the years I have been a mentor, lender and a shareholder, but above all else I have been a believer in the concept and being at the coalface with this great team over the last year has confirmed that belief even more.

I have no desire to labour here about how Oliver's lost its way, other than to say the turnaround has been a credit to everyone involved and has now placed the company in a significantly better position than anyone could have expected at this point.

Nicholas Dower
Chairman
Oliver's Real Food

The Board are justifiably confident that the worst is now behind us and the business is now well placed to consistently produce profitable quarters throughout the years ahead.

With the business stabilised and focused we are now looking to the future and a return to controlled growth and continuous improvement.

I would like to take this opportunity to sincerely thank our staff, stakeholders, suppliers and our very supportive and patient shareholders for your support and encouragement.

Yours Sincerely,

Nicholas Dower

Chairman

CEO LETTER

G'day fellow shareholders,

There is no way to dress this up, these are very disappointing results indeed.

As most of you will be aware, I founded this business in 2005, and built it over the course of 12 years to the business it was when we listed OLI on the ASX in June 2017.

You may not be aware that my employment with Oliver's was terminated in May 2018, and I was removed from the board, just 11 months after listing, by the very board of directors I put in place to support the listing process and the future of the business for all shareholders.

As a result, the period from May 2018 through till March 2019 when I received the call from one of the previous directors asking me to return to the business to "Save it" was probably the most frustrating period of my life.

My commitment to, and passion for Oliver's has never wavered, and I remain the single largest shareholder, so my disappointment with these results is significant.

My commentary on what has happened is simple,

You cannot effectively manage a business such as Oliver's, unless you..........

1) Truly believe in and have a passion for it.

2) Understand the needs and desires of our customers, and

3) Remain focussed on the only point at which we make any money, this is what I call the "Thin Green Line", the front counter of each and every store, where we interact with our customers.

Since coming back into the business in March, we have as a board and management team made 3 promises to shareholders:

1) To effectively manage the business to eliminate the cash burn and return the business to profitability.

2) To get focussed on delivery a consistently fantastic experience for our customers and build revenue.

3) To return calm and confidence to our team, and rebuild the culture.

I am pleased and proud to say that we have already managed to significantly reduce the cash burn, and we have already returned the business to profitability (EBITDA), and we anticipate delivering in Q1 FY20 the second consecutive quarter of profitability (EBITDA). We now look forward to strong trading through Q2, Q3 and Q4.

We remain focussed on delivering a consistently fantastic experience for our customers and building revenue, this "I promise you" will be a constant and never-ending process.

Our top-heavy and overloaded head office management team has been rebuilt with almost the entire senior management team replaced or removed altogether, with remuneration packages rationalised to an appropriate level.

Our store operations team has been reassured by the return of Amanda & myself with our vast knowledge of the business and the team, and reinforced with the introduction of Romeo Rodriguez coming on board as our GM of Operations after many years of experience managing and growing large multisite QSR's such as Starbucks, Costa Coffee.

The most significant and impactful change that has happened for me in this business is the arrival of David McMahon, our recently appointed CFO. David has already had, and will continue to have an extremely positive impact on the business and shareholder value.

There is no doubt that one of the greatest failings of this business since listing, has been our inability to effectively manage, and provide stakeholders with accurate financial data and forecasts.

David McMahon is a CFO that has been "hand selected by this board" and we have absolute confidence in his ability to deliver timely and accurate data that all stakeholders can rely on.

There is no doubt that I have learned a lot through the process of the last 2 years, and these lessons will not be forgotten.

We have developed an internal business plan that unites the team and gets us all focussed on delivering a great experience for every customer, on every visit, and through this, growing revenue and profitability (EBITDA).

I would like to take this opportunity to thank you all for your continued support, and to reassure you of our commitment and dedication to restoring business performance and shareholder value.

I would also like to acknowledge the commitment and dedication of our Chairman Nicholas Dower, and our Non-Exec Director and Company Secretary Stephen Metter, who bravely took on the challenge of working with us to save the business in extremely difficult and challenging circumstances.

Finally, I would like to invite you again to join us at the AGM, which is now confirmed for November 29th, at Kooindah Waters Golf Resort, just 5 mins from our National Store Support Centre here in Wyong NSW.

We will kick off at 12pm, and this will make a great opportunity to come along and meet the Board, meet the management team, and ask any questions.

Please RSVP your intentions and numbers of attendees to attend by emailing agm@oliversrealfood.com.au

Yours Sincerely,

Jason Gunn
Founder, Director & CEO
jason@oliversrealfood.com.au
0434 390 758

25 LOCATIONS

QUEENSLAND

Maryborough

NEW SOUTH WALES

Chinderah
Port Macquarie
Ferry Park
Coffs Harbour Nth
Coffs Harbour Sth
Bulahdelah
Hexham
Wyong Nth
Wyong Sth
Lithgow
Goulburn
Gundagai

VICTORIA

Euroa
Wallan Nth
Wallan Sth
Geelong Nth
Geelong Sth
Ballarat
Eastlink In
Eastlink Out
Officer In
Officer Out
Penlink In
Penlink Out

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OLIVER'S REAL FOOD LIMITED AND CONTROLLED ENTITIES, DIRECTORS' REPORT

Your Directors present their report on the consolidated entity (referred to herein as the Group) consisting of Oliver's Real Food Limited (Oliver's) and its controlled entities for the financial year ended 30 June 2019.

GENERAL INFORMATION DIRECTORS

The following persons were Directors of Oliver's Real Food Ltd during or since the end of the financial year up to the date of this report:

- Nicholas Dower – Chairman & Non-Executive Director (Appointed 11 March 2019)
- Jason Gunn – CEO and Executive Director (Appointed 28 February 2019)
- Amanda Gunn – Executive Director (Appointed 28 February 2019)
- Steven Metter – Company Secretary & Non-Executive Director (Appointed 11 March 2019)
- Mark Anthony Richardson – Chairman & Non Executive Director (Resigned 26 February 2019)
- Katherine Hatzis – Non Executive Director (Resigned 11 March 2019)
- John Flower Diddams – Non Executive Director (Resigned 28 February 2019)
- Peter Rodwell – Non Executive Director (Resigned 28 February 2019)
- Emma Lawler (Company Matters) – Company Secretary (Resigned 28 February 2019)

Particulars of each Director's experience and qualifications are set out later in this report.

PRINCIPAL ACTIVITIES

During the financial year the principal continuing activities of the consolidated entity comprised of management of Quick Service Restaurants ("QSR") in Australia under the branding of "Oliver's Real Food."

DIVIDENDS PAID OR RECOMMENDED

No dividend was declared or paid during the reporting period, (2018: $Nil).

REVIEW OF OPERATIONS

At the end of the reporting period, the Group operated 25 Oliver's Company-owned stores in Australia. Key statutory financial metrics in respect of the current period and the prior financial period are summarised in the following table:

	2019	2018	Change
Revenue from ordinary activities ($m)	35.0	35.9	(2.5%)
Raw materials and consumables used ($m)	(9.3)	(8.5)	9.4%
Gross profit ($m)	25.7	27.4	(6.2%)
Gross margin	73.4%	76.3%	(3.8%)
Earnings before interest, taxes, depreciation, amortisation and impairment (EBITDAI) ($m)	(6.5)	2.7	(340.7%)
Net (loss) / profit after tax attributable to members ($m)	(15.7)	(0.6)	2,516.7%
Earnings per share – basic (dollars)	(0.07)	(0.0)	-
Net Assets ($m)	11.6	23.7	(51.1%)
Net Tangible Assets ($m)	5.5	14.8	(62.8%)
Cash and cash equivalent ($m)	0.9	2.9	(69.0%)

As is evident, the 2019 financial year has been a challenging one for the Group. Subsequent to listing, it would be fair to say that Oliver's lost its way, grew too fast, became top heavy and generally squandered resources. During this year, a number of poor performing stores were identified and despite best efforts to rejuvenate, some of these stores were closed, resulting in substantial asset write-offs and write-downs, as reflected in the large asset impairment provisions. The combination of all of these factors directly caused both the large trading losses and the asset write-offs, and led directly to the replacement of the entire Board and much of the senior management team.

The losses were incurred throughout most of the 2019 financial year, and with the appointment of the new Board in March 2019, and the subsequent overhead reductions, the Group returned a small profit in the last quarter of 2019, which is significant and, in the Board's view, represents a turning point for the Group.

With the restoration of the Oliver's culture, the improved menu selections, and a renewed focus on each store and its need to deliver the required level of customer service and satisfaction, Oliver's is now a far more balanced organisation, and is well placed to build on these foundations.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

During the current year, and as has been announced to the market and raised in the Chairman's Report above, there were significant changes to both the Board of Directors and senior Management team, as well as 4 store closures where all attempts to make these stores viable failed.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL PERIOD

On 31 July 2019, the Board approved a loan agreement between Jason Gunn, CEO and the Company. The agreement covers a $500,000 unsecured loan from Mr Gunn, bearing interest at 10% p.a. with no specified maturity date. The proceeds of the loan with be used for working capital.

Following the closure of the store at Aratula, the fixtures and fittings were sold and the lease assigned to the purchaser with settlement occurring 17 July 2019.

There were no other material events that occurred subsequent to the financial year under review.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

Information about likely developments in the operations of the Group and the expected results of those operations in future financial years have not been included in this financial report as disclosure of the information would be likely to result in unreasonable prejudice to the Group. However, the Group will continue to pursue the increase in profitability of its Oliver's stores network during the next financial year.

ENVIRONMENTAL REGULATION

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

INDEMNITY AND INSURANCE OF OFFICERS

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

During the financial year, the company paid a premium in respect of a contract to insure the Directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

INDEMNIFYING AUDITOR

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

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

PROCEEDINGS ON BEHALF OF THE COMPANY

The company is a defendant in two debt collection proceedings where, in each case, the company is disputing the amounts claimed by the creditor. In one case, the company has made an offer to settle the matter for an amount of $7,339, which is being considered by the creditor, and in the other case, an amount of $55,000 is in dispute and is being disputed in full by the company in local court proceedings.

NON-AUDIT SERVICES

Details of the amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in Note 7 to the financial statements.

The Directors are satisfied that the provision of non-audit services, during the year, by the auditor, or by another person or firm on the auditor's behalf, is compatible with the general standard of independence for auditor imposed by the Corporations Act 2001.

The Directors are of the opinion that the services, as disclosed in Note 7 to the financial statements, do not compromise the external auditor's independence, based on advice received from the Audit and Risk Committee, for the following reasons:

→ All non-audit services are reviewed and approved by the audit committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and

→ The nature of the services provided does not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

The following fees were paid or payable to RSM Australia for non-audit services provided during the year ended 30 June 2019:

	$
Taxation Services	58,975
	58,975

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration for the year ended 30 June 2019 has been received and can be found on page 34 of the Financial Report.

OPTIONS

At the date of this report, the unissued ordinary shares of Oliver's Real Food Ltd under option are as follows:

Grant Date	Date of Expiry	Exercise Price	Number under Options
3 May 2017	26 Feb 2021	$0.30	500,000
21 Jun 2017	21 Jun 2020	$0.30	2,000,000

Option holders do not have any rights to participate in any issues of shares or other interests in the company or any other entity.

Other than as set out above, there have been no options granted over unissued shares or interests of any controlled entity within the Group during or since the end of the reporting period.

Further details are set out in Note 26 of the Financial Report.

For details of options issued to Directors and executives as remuneration, refer to the Remuneration Report.

ASIC CORPORATIONS (ROUNDING IN FINANCIAL/DIRECTORS' REPORTS) INSTRUMENT 2016/191

The company is an entity to which *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* applies and, accordingly, amounts in the Directors' report have been rounded to the nearest thousand dollars.

OLIVER'S REAL FOOD LIMITED NEW BOARD OF DIRECTORS

Nicholas Dower
Chairman and Independent Non-executive Director

Jason Gunn
CEO, Executive Director

Amanda Gunn
Executive Director

Steven Metter
Non-executive Director
Company Secretary

INFORMATION RELATING TO DIRECTORS AND COMPANY SECRETARY

Nicholas Dower	**Chairman and Independent Non-Executive Director**
Experience	Nicholas has had a 40 year career in business, having built many successful companies, including being one of the original franchisors of Video Ezy, which grew into the dominant chain in its category. Having served on the boards of several public companies He is the founder, proprietor and current chairman of the Niche Group, which he started over 30 years ago.
Interest in Shares	500,000 ordinary shares
Interest in Options	Nil
Special Responsibilities	Chairman of Remuneration and Nomination Committee
Directorships held in other listed entities during the three years prior to the current year	None

Jason Gunn	**Chief Executive Officer and Executive Director**
Experience	Jason brings 13 years operating history in creation of the Oliver's brand, its unique offering and leadership of the company through periods of growth, rationalisation and operational restructuring.
Interest in Shares	45,972,500 ordinary shares
Interest in Options	Nil
Special Responsibilities	Chairman of Audit Review Committee
Directorships held in other listed entities during the three years prior to the current year	None

Amanda Gunn	**Executive Director**
Experience	Amanda was previously instrumental in the development of operational systems and process's in her role of Chief of Store Operations at Oliver's Real Food.
Interest in Shares	45,972,500 ordinary shares
Interest in Options	Nil
Special Responsibilities	Member of Remuneration and Nomination Committee
Directorships held in other listed entities during the three years prior to the current year	None

Steven Metter	Non-Executive Director
Experience	Stephen is a qualified Chartered Accountant and a management accountant with a 35 year history as a business recovery specialist. He has extensive successful business interests in hospitality, as a major shareholder in a Melbourne-based 400 seat restaurant, and has acted as a financial consultant to clients in Australia, South Africa and the USA.
Interest in Shares	Nil
Interest in Options	Nil
Special Responsibilities	Member of Audit Review Committee
Directorships held in other listed entities during the three years prior to the current year	None

COMPANY SECRETARY

Steven Metter — appointed as Company Secretary on 11 March 2019.

MEETINGS OF DIRECTORS

During the financial year, 19 meetings of Directors were held.

Attendances by each Director during the year were as follows:

	Directors' Meetings		Audit & Risk Committee		Remuneration & Nomination Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Mark Anthony Richardson***	11	11	3	3	3	3
Katherine Hatzis**	11	11	3	3	3	3
John Flower Diddams*	11	10	3	3	3	2
Peter Rodwell*	11	11	3	2	3	1
Jason Gunn^	8	8	1	1	–	–
Nicholas Dower#	8	8	–	–	1	1
Amanda Gunn^	8	8	–	–	1	1
Steven Metter#	8	8	1	1	1	1

* *Directorship ceased on 28 February 2019*

** *Directorship ceased on 11 March 2019*

*** *Directorship ceased on 26 February 2019*

\# *Directorship commenced on 11 March 2018*

^ *Directorship commenced on 28 February 2019*

REMUNERATION REPORT

This Remuneration Report (Report), which has been audited, describes the Key Management Personnel (KMP) remuneration arrangements for the period ended 30 June 2019 (FY2019) for Oliver's, in accordance with the Corporations Act 2001 and its regulations.

The remuneration report contains the following sections:

- Who this report covers
- Overview of the remuneration framework
- Governance
- Linking reward and performance
- Share based remuneration
- Non-Executive Director remuneration framework
- Contractual arrangements with executive KMP
- Details of remuneration for KMPs
- Directors and executive KMP shareholdings in Oliver's
- Other statutory disclosures

WHO THIS REPORT COVERS

This report covers Non-Executive Directors and executive KMP (collectively KMP) and includes:

Non-Executive Directors	
Nicholas Dower (appointed 11 Mar 2019)	Chairman and Independent Non-Executive Director
Steven Metter (appointed 11 Mar 2019)	Co Sect and Independent Non-Executive Director
Mark Richardson (resigned 26 Feb 2019)	Chairman and Independent Non-Executive Director
Katherine Hatzis (resigned 11 Mar 2019)	Non-Executive Director
John Diddams (resigned 28 Feb 2019)	Independent Non-Executive Director
Peter Rodwell (resigned 28 Feb 2019)	Independent Non-Executive Director
Executive Key Management Personnel	
Jason Gunn (appointed 28 Feb 2019)	Chief Executive Officer, Executive Director
Amanda Gunn (appointed 28 Feb 2019)	Operations Manager & Executive Director
David McMahon (appointed 16 April 2019)	Chief Financial Officer
Greg Madigan (terminated 1 Mar 2019)	Chief Executive Officer
Alan Lee (resigned 5 Dec 2018)	Chief Financial Officer

OVERVIEW OF OLIVER'S REMUNERATION FRAMEWORK

Oliver's remuneration strategy and policies aim to attract and retain talented people to run and manage Oliver's and to align their interests with that of Shareholders. The Board is committed to having a remuneration strategy and policy that rewards, and retains appropriately experienced and skilled employees and executives throughout all levels of the company.

In the case of all senior employees, this will be realised by providing a fixed remuneration component together with specific 'at risk' performance based short-term incentives and, where appropriate for selected executives, long-term equity incentives subject to market competitive service and performance conditions.

The Board has committed to regularly reviewing all Board and key executive management remuneration and incentive arrangements (at least biennially) to ensure they remain competitive, in line with market expectations and guidelines and remain appropriate for Oliver's as it changes and grows.

GOVERNANCE

When Oliver's listed on the ASX, it established a Remuneration and Nomination Committee (RNC) whose role is to assist the Board with its remuneration responsibilities, to ensure that Oliver's:

- Has coherent and appropriate remuneration policies and practices which enable Oliver's to attract and retain Directors and executives who will create value for Shareholders;
- Fairly and responsibly remunerates Directors and executives having regard to Oliver's performance, the performance of the executives and the general market environment; and
- Has policies and procedures that are effective to attract, motivate and retain appropriately skilled and diverse people that meet Oliver's needs and that are consistent with Oliver's strategic goals and human resource objectives.

The members of the RNC are each Non-executive Directors and have appropriate qualifications and experience to enable the RNC to fulfil its role.

EXTERNAL REMUNERATION CONSULTANTS

The Terms of Reference for the RNC requires that any remuneration consultants engaged be appointed by the RNC. During FY2019, Oliver's did not engage the services of any external remuneration consultants.

Any advice that may be received from remuneration consultants will be carefully considered by the RNC to ensure it is given free of undue influence by Oliver's executives.

STRUCTURE OF REMUNERATION

The remuneration framework for KMP includes both fixed and performance-based pay.

Fixed Remuneration

Fixed remuneration is set using a combination of historical levels and sector comparisons. Fixed remuneration includes base pay, statutory contributions for superannuation and non-monetary benefits.

Superannuation is provided up to the statutory maximum allowed. Other benefits may include phone allowance, 'packaged' motor vehicle, supplementary superannuation and other items determined on total employment cost basis.

Fixed remuneration will be reviewed annually and any increases approved by the RNC and the Board based on market movements, promotion or above average performance appraisal scores.

In addition to fixed remuneration, each of the executive KMP are entitled to additional Short-term Incentives (STI) and Long Term Incentives (LTI), as outlined below, subject to achieving predetermined milestones.

Short-term Incentive

Oliver's short-term incentive plan is designed to reward employees and executives for performance against a predetermined scorecard of measures linked to Oliver's short-term business performance for the relevant 12 month performance period (individual and team performance are also considered for selected roles).

The specific performance measures may vary from year to year depending on Oliver's evolving business and financial objectives. The measures are selected on the basis that they will lead to improved and sustainable financial performance and shareholder returns.

In FY2019, there was no STI paid to executive KMP.

Long Term Incentive

Oliver's will consider offers under LTI to selected executives on an annual basis that will be designed to provide both retention and incentive impact if the executive remains employed with Oliver's for a minimum term and Oliver's meets performance vesting conditions set.

An initial grant of LTI made prior to the IPO was awarded as Options under the Oliver's Employee Incentive Plan (OEIP). These Options are subject to the OEIP rules and other regulatory requirements, including the ASX Listing Rules.

In FY2019, no options were issued to directors:

Proportions of fixed and variable remuneration

The Board and RNC consider annually the fixed remuneration and proportion of variable remuneration that is dependent on performance ("at risk") for each executive KMP. The relative proportions of fixed versus variable pay received by executive KMP during the current financial period and proposed for the next financial period are as follows:

	Fixed Remuneration		At Risk – STI (on target)		At Risk – LTI (on target)	
	Proposed FY2020	FY2019	Proposed FY2020	FY2019	Proposed FY2020	FY2019
Jason Gunn	$109,500	$30,323	109,500	–	–	–
David McMahon	$131,400	$20,847	–	–	–	–
Greg Madigan	$0	$248,178	–	–	–	–
Alan Lee	$0	$170,888	–	–	–	–

Assessment Of Performance

Performance of executive KMPs will be assessed against the agreed non-financial and financial targets on a regular basis. Based on this assessment, the Chairman will make a recommendation to the RNC for Board approval of the amount of STI and LTI to award (as applicable) to each KMP.

HOW REWARD IS LINKED TO PERFORMANCE

As Oliver's only listed on the ASX on 21 June 2017, statutory disclosures relating to dividend payments, dividend payout ratio, and increase / (decrease) in share price are not applicable. Key financial metrics over the last five years are shown below:

	Revenue $m	EBITDA $m	Net Profit After tax $m
2019	$35.0	($13.1)	($15.7)
2018	$35.9	$2.3	($0.6)
2017	$20.7	($2.3)	($2.9)
2016	$17.1	$1.8	$0.6
2015	$12.7	$1.6	$0.9

It should be noted that there is no direct link between remuneration and performance in FY2019. There were no STI payments made in FY2018 and FY2019 to executive KMP and no LTI awards were made. It should also be noted that no dividend was declared or paid in FY2018 and FY2019.

The Board will report on the link between pay and performance in future reports.

SHARE BASED REMUNERATION

Oliver's operates an LTI plan for eligible senior executives (the Oliver Employee Incentive Plan (OEIP)) as a means of encouraging employees to share in the ownership of the Company and promote its long term success as a common goal. The Board will make offers to persons to participate in the OEIP based on their contribution to the Company. Under the terms of the OEIP the Board may make awards of Options, performance rights, service rights, deferred share awards, exempt share awards, cash rights or stock appreciation rights. No offer of an award may be made to the extent it breaches the Constitution, the Listing Rules, the Corporations Act or any other applicable law.

The key terms of the OEIP and details of the pre-IPO Award to KMP are as follows:

All capitalised terms have the meaning as defined within the OEIP.

Purpose	The purpose of the OEIP is to encourage Employees to share in the ownership of the Company and to promote the long-term success of the Company as a goal shared by all Employees.
Eligibility	Participants in the OEIP must be persons who are in full-time or part-time employment of a Group Company and includes a Director of a Group Company.
Form of Equity	The Company may offer an Award which includes an Option, a Performance Right, a Service Right, a Deferred Share Award, an Exempt Share Award, a Cash Right, or a Stock Appreciation Right, in accordance with the terms of the OEIP. The Company may offer or issue Options, which are rights to be issued a Share upon payment of the Exercise Price and satisfaction of specified Vesting Conditions. These terms apply unless the Offer specifies otherwise: → Options are Restricted Awards until they are exercised or expire. → An Offer may specify a Restriction Period for Shares issued on the exercise of Options. → Options are subject to adjustment. **FY17 Pre-IPO Award** To date, only Options have been granted under the OEIP.

Terms of the Award	A grant of Awards under the OEIP are subject to the terms and conditions of the OEIP Rules, the Offer documentation, the Company's Constitution, the ASX Listing Rules, the Corporations Act or any other applicable law.
	
	FY17 Pre-IPO Award – Executive KMP
	→ Exercise Price \$0.30
	→ Vest in three equal tranches (1 July 2019, 1 July 2020, 30 June 2020)
	→ Expiry date: 26 February 2021
	→ Option purchase price – \$0.0001
	→ Vesting conditions – options will only vest if the following performance conditions are met:
	  → Tranche 1 – continuous employment at vesting date (service condition)
	  → Tranche 2 – Achieve Prospectus earnings forecast in FY18
	  → Tranche 3 – TSR absolute CAGR over the first 3 years of listing on the ASX:
	    → TSR CAGR < 7.5%: 0% vesting
	    → TSR CAGR 7.5%: 25% vesting. Straight line interpolation between 7.5% and 10%
	    → TSR CAGR 10.0%: 50% vesting. Straight line interpolation between 10% and 12.5%
	    → TSR CAGR > 12.5%: 100% vesting
	
	FY17 Pre-IPO Award – Non-executive Directors
	→ Exercise Price \$0.30
	→ Vest in 2 equal tranches (21 June 2018 and 21 June 2019)
	→ Expiry date: 20 April 2021
	→ Option purchase price – \$0.0001
	→ Vesting conditions – options will only vest if the Non-executive Director is in continuous service as a Non-executive Director from Grant Date to Vesting Date.

Vesting and Exercise	The Awards held by a Participant will vest in and become exercisable by that Participant upon the satisfaction of any Vesting Conditions specified in the Offer and in accordance with the OEIP. Vesting Conditions may be waived at the absolute discretion of the Board (unless such waiver is excluded by the terms of the Award). The vesting of an Award on the satisfaction of any Vesting Conditions will not automatically trigger the exercise of the Award unless specified in the Offer. A Participant is, subject to the OEIP, entitled to exercise an Award on or after the Vesting Date. Any exercise must be for a minimum number or multiple of Shares (if any) specified in the terms of the Offer. If the Board determines that for a taxation, legal, regulatory or compliance reason it is not appropriate to issue or transfer Shares, the Company may in lieu and final satisfaction of the Company's obligation to issue or transfer Shares as required upon the exercise of an Award by a Participant, make a cash payment to the Participant equivalent to the Fair Market Value as at the date of exercise of the Award (less any unpaid Exercise Price applicable to the exercise of the Award) multiplied by the relevant number of Shares required to be issued or transferred to the Participant upon exercise of the Award. If a Participant dies or becomes disabled before the end of the Restriction Period or prior to the Vesting Date, the Board will determine, in its sole and absolute discretion, the manner in which all unvested or restricted Awards will be dealt with.
Adjustments – Reorganisation of Capital, Bonus and New Issues	With respect to Options, Performance Rights, Service Rights and other Awards where the Participant may be entitled to acquire Shares in the future on exercise of the Award: → A Participant is not entitled to participate in a new issue of Shares or other securities made by the Company to holders of its Shares without exercising the Awards before the record date for the relevant issue. → If, prior to the exercise of an Award, the Company makes a pro-rata bonus issue to the holders of its Shares, and the Award is not exercised prior to the record date in respect of that bonus issue, the Award will, when exercised, entitle the holder to one Share plus the number of bonus shares which would have been issued to the holder if the Award had been exercised prior to the record date. → If, prior to the exercise of an Award, the Company undergoes a reorganisation of capital (other than by way of a bonus issue or issue for cash) the terms of the Awards of the Participant will be changed to the extent necessary to comply with the Listing Rules as they apply at the relevant time.
Restriction Period	Restriction Period means the period during which Awards, or Shares issued on exercise of Awards, must not be sold or disposed of, being the period specified in the OEIP, and as specified in the Offer.

Change of Control	Change of Control means, in relation to the Company, either: → Any person, either alone or together with any associate (as defined in the Corporations Act), who did not have a relevant interest (as defined in the Corporations Act) in more than 50% of the issued Shares in the Company, acquires a relevant interest in more than 50% of the issued Shares in the Company other than listing on a recognised stock exchange before 31 December 2017; or → The Board concludes that there has been a change in the Control of the Company. On the occurrence of a Change of Control, the Board will determine, in its sole and absolute discretion, the manner in which all unvested and vested Awards will be dealt with. If a takeover bid is made to acquire all the issued Shares of the Company, or a scheme of arrangement, selective capital reduction or other transaction is initiated which has an effect similar to a full takeover bid for Shares in the Company, then Participants are entitled to accept the takeover bid or participate in the other transaction in respect of all or part of their Awards other than Exempt Share Awards notwithstanding that the Restriction Period in respect of such Awards has not expired. The Board may, in its discretion, waive unsatisfied Vesting Conditions in relation to some or all Awards in the event of such a takeover or other transaction.
Non-transferable Awards	A Participant must not sell, transfer, mortgage, pledge, charge, grant security over or otherwise dispose of any Restricted Awards, or agree to do any of those things, during the Restriction Period. The Company may implement any procedures it considers appropriate to ensure that Restricted Awards are not disposed of during the Restriction Period, including applying a holding lock in respect of Shares. The Board may at any time in its discretion waive or shorten the Restriction Period applicable to an Award.
No Hedging	Participants must not enter into transactions or arrangements, including by way of derivatives or similar financial products, which limit the economic risk of holding unvested Awards.

Share Issues	Shares issued under the OEIP will upon allotment: → Be credited as fully paid; → Rank equally for dividends and other entitlements where the record date is on or after the date of allotment, but will carry no right to receive any dividend or entitlement where the record date is before the date of allotment; and → Be subject to any restrictions imposed under the OEIP, and → Otherwise rank equally with the existing issued Shares at the time of allotment. As soon as practicable after the date of the allotment of Shares, the Company will, unless the Board otherwise resolves, apply for official quotation of such Shares on the ASX. The Company may, in its discretion, either issue new Shares or cause existing Shares to be acquired for transfer to the Participant, or a combination of both alternatives, to satisfy the Company's obligations under the OEIP. If the Company determines to cause the transfer of Shares to a Participant, the Shares may be acquired in such manner as the Company considers appropriate, including from a trustee appointed under the OEIP. The Company may appoint a trustee on terms and conditions which it considers appropriate to acquire and hold Shares, options, or other securities of the Company either on behalf of Participants or for the purposes of the OEIP.
Administration of the OEIP and Amendment	The OEIP will be administered by the Board, or a committee of the Board, which will have an absolute discretion. The Board may only exercise its powers in accordance with the Listing Rules. An Offer of Awards must not be made if the total of: → The number of Shares which are the subject of the Offer of Awards; and → Underlying Shares issued or that may be issued as a result of any Offers of Award, or similar offer of Shares under a predecessor or other employee incentive plan, made at any time during the previous 3 year period in reliance on relief granted by ASIC (however obtained), would exceed 5% of the number of Shares on issue at the time of the Offer. Under no circumstances will Awards be granted under the OEIP if it is an issue of securities that, combined with all other employee share scheme interests outstanding, would exceed 15% of the Company's then outstanding issued capital.

NON-EXECUTIVE DIRECTOR REMUNERATION

Non-executive Directors enter into service agreements through a letter of appointment which are not subject to a fixed term. Non-executive Director Remuneration will be market competitive and will not contain performance-based components. Non-executive Directors will receive fees (and statutory superannuation entitlements) commensurate with their role.

The total amount of fees paid to all Non-executive Directors for their services as Directors must not exceed in aggregate in any financial year the amount fixed by Oliver's in general meeting. This amount has been fixed at $500,000 per annum.

For FY2019, the annual base Non-executive Director fees currently agreed to be paid by Oliver's is $150,000 to the Chairperson (including all committee fees), $60,000 for each other Non-executive Director and an additional $20,000 to the respective chairs and $10,000 for other members of the Audit and Risk Committee and the RNC. These amounts comprise fees to be paid in cash and are inclusive of any superannuation payments required to be made.

Based on the fees paid in FY2019, the full year of Non-executive Director fees was $288,012 which is 58% of the approved total fee pool of $500,000.

Non-executive Directors do not receive fees that are contingent on performance, shares in return for their services, retirements benefits other than statutory superannuation or termination benefits.

CONTRACTUAL ARRANGEMENTS WITH EXECUTIVE KMPs

Remuneration and other conditions of employment are set out in the executive KMPs employment contracts. The key elements of these employment contracts are summarised below:

Name	**Jason Gunn**
Title	Chief Executive Officer
Terms of Agreement	No fixed term – subject to termination provisions detailed below
Details	Annual remuneration including cash salary, superannuation and non-cash benefits – $109,500 fixed per annum, automatically increased to $219,000 when the Group achieves 3 consecutive quarters of EBITDA Incentives – eligible to participate in short term incentive up to 50% of base salary, subject to meeting KPIs and equity participation as part of a Long Term Incentive Plan
Termination	Termination – 3 months' notice in writing. The Company may terminate employment without payment in lieu of notice in circumstances involving serious or wilful misconduct. All payments on termination will be subject to the termination benefits cap under the Corporations Act 2001 in the absence of shareholder approval Post-employment – 3 months restraint provisions

Name	**David McMahon**
Title	Chief Financial Officer
Terms of Agreement	No fixed term – subject to termination provisions detailed below
Details	Annual remuneration including cash salary, superannuation and non-cash benefits – $131,400 Incentives – eligible to participate in short-term incentive and equity remuneration plans
Termination	Termination – 3 months notice in writing. The Company may terminate employment without payment in lieu of notice in circumstances involving serious or wilful misconduct All payments on termination will be subject to the termination benefits cap under the Corporations Act 2001 in the absence of shareholder approval Post-employment – 3 months restraint provisions

KMP REMUNERATION FOR THE YEAR ENDED 30 JUNE 2019

2019	Fixed Remuneration				At Risk – STI (on target)		
Name	Cash salary and fees	Superannuation	Non-monetary benefits	Long service leave and annual leave	Short-term incentive	Fair value of LTI award (options)	Total
Executive Director							
Jason Gunn Chief Executive Officer	$27,692	$2,631	–	–	–	–	**$30,323**
Amanda Gunn	$37,339	$2,603	–	–	–	–	**$39,942**
Non-Executive Directors							
Nicholas Dower	$30,375	–	–	–	–	–	**$30,375**
Mark Richardson Chairman	$82,500	–	–	–	–	–	**$82,500**
Steven Metter	$18,226	–	–	–	–	–	**$18,226**
Katherine Hatzis	$51,328	–	–	–	–	–	**$51,328**
John Diddams	$66,000	–	–	–	–	–	**$66,000**
Peter Rodwell	$120,833	–	–	–	–	–	**$120,833**
Other Executive KMP							
Greg Madigan Chief Executive Officer	$234,490	$13,688	–	–	–	–	**$248,178**
David McMahon	$19,038	$1,809	–	–	–	–	**$20,847**
Rowena Hubble	$57,668	$4,864	–	–	–	–	**$62,532**
Alan Lee Chief Financial Officer	$157,025	$13,863	–	–	–	–	**$170,888**
	$902,514	**$39,458**	**–**	**–**	**–**	**–**	**$941,972**

KMP REMUNERATION FOR THE YEAR ENDED 30 JUNE 2019 (CONTINUED)

2018	Fixed Remuneration				At Risk – STI (on target)		
Name	Cash salary and fees	Superannuation	Non-monetary benefits	Long service leave and annual leave	Short-term incentive	Fair value of LTI award (options)	Total
Executive Director							
Jason Gunn Chief Executive Officer	$424,694	$18,378	–	$17,372	–	–	**$460,443**
Non-Executive Directors							
Nicholas Dower	–	–	–	–	–	–	**–**
Mark Richardson Chairman	$120,000	–	–	–	–	$22,191	**$142,191**
Steven Metter	–	–	–	–	–	–	–
Katherine Hatzis	$80,000	–	–	–	–	$14,794	**$94,794**
John Diddams	$90,000	–	–	–	–	$47,779	**$137,779**
Peter Rodwell	$60,000	–	–	–	–	$14,794	**$74,794**
Other Executive KMP							
Greg Madigan Chief Executive Officer	$73,639	$5,012	–	–	–	–	**$78,651**
David McMahon	–	–	–	–	–	–	–
Alan Lee Chief Financial Officer	$229,951	$20,089	–	–	–	$7,647	**$257,687**
	$1,078,284	**$43,479**	**–**	**$17,372**	**–**	**$107,205**	**$1,246,340**

KMP SHAREHOLDING

The table below provides the number of ordinary shares in Oliver's Real Food Limited held by each KMP during each period including their related parties:

As at 30 June 2019	Balance at Listing Date or Appointment	Shares received during the period on exercise of Options	Additional shares acquired on market	Balance at the end of the period
Nicholas Dower, Chairman	500,000	–	–	**500,000**
Jason Gunn*	45,972,500	–	–	**45,972,500**
Amanda Gunn, Director**	45,972,500	–	–	**45,972,500**
Steven Metter, Director	–	–	–	**–**
David McMahon, CFO	–	–	21,000	**21,000**

**Jason was a shareholder at the beginning of the financial year and was reappointed as a director on 28 February 2019. 45,887,500 shares are held indirectly by associates.*

***All shares are held indirectly by spouse, Jason Gunn.*

LOANS TO DIRECTORS AND EXECUTIVES

No loans were made to Directors and executives of Oliver's Real Food Limited including their close family and entities related to them during the year.

OPTIONS OUTSTANDING

The number of OEIP options over ordinary shares in the company held during the financial year by each Director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Opening balance	Granted during the year	Exercised during the year	Forfeited	Closing balance	Date of expiry	**Total Exercisable**
Jason Gunn	–	–	–	–	–	–	**–**
Amanda Gunn	–	–	–	–	–	–	**–**
Nicholas Dower	–	–	–	–	–	–	**–**
Steven Metter	–	–	–	–	–	–	**–**
David McMahon	–	–	–	–	–	–	**–**
Mark Richardson	750,000	–	–	(750,000)	–	–	**–**
Katherine Hatzis	500,000	–	–	(500,000)	–	–	**–**
John Diddams	1,062,500	–	–	(1,062,500)	–	–	**–**
Peter Rodwell	500,000	–	–	(500,000)	–	–	–
Alan Lee	400,000	–	–	(400,000)	–	–	**–**

SHARES ISSUED ON THE EXERCISE OF OPTIONS

No ordinary shares of Oliver's Real Food Limited were issued on the exercise of options during the year ended 30 June 2019 and up to the date of this report.

END OF REMUNERATION REPORT

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

Nicholas Dower

Chairman
Dated: 16 October 2019

RSM Australia Partners

Level 13, 60 Castlereagh Street Sydney NSW 2000
GPO Box 5138 Sydney NSW 2001

T +61 (0) 2 8226 4500
F +61 (0) 2 8226 4501

www.rsm.com.au

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Oliver's Real Food Limited for the year 30 June 2019, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

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

RSM

RSM AUSTRALIA PARTNERS

D Talbot

David Talbot
Partner

Sydney, NSW
Dated: 17 October 2019

OLIVER'S REAL FOOD LTD AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 $	2018 $
Continuing operations			
Revenue	3	34,973,123	35,938,194
Other income	3	77,495	1,922,155
Raw materials and consumables used		(9,279,135)	(8,484,671)
Employee benefits expense		(19,306,111)	(15,610,971)
Administration expense		(5,436,117)	(5,159,547)
Occupancy expense		(6,961,417)	(5,866,724)
Depreciation and amortisation expense		(2,451,627)	(2,296,595)
Finance costs		(225,859)	(99,147)
Impairment expense		(6,557,872)	(457,120)
Loss on disposal of property, plant and equipment		(573,836)	–
Other expenses		(12,233)	(26,116)
Loss before income tax	4	**(15,753,589)**	**(140,542)**
Tax benefit / (expense)	5	92,088	(502,211)
Net Loss for the year	4	**(15,661,501)**	**(642,753)**
Total other comprehensive income for the year		**–**	**–**
Total comprehensive loss for the year		**(15,661,501)**	**(642,753)**
Net loss attributable to:			
Owners of the parent entity		(15,661,501)	(642,753)
Non-controlling interest		–	–
		(15,661,501)	**(642,753)**
Total comprehensive (loss) / income attributable to:			
Members of the parent entity		(15,661,501)	(642,753)
Non-controlling interest		–	–
		(15,661,501)	**(642,753)**
Loss per share			
Basic loss per share	8	(0.07)	(0.00)
Diluted loss per share	8	(0.07)	(0.00)

The accompanying notes form part of these financial statements.

OLIVER'S REAL FOOD LTD AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

	Note	2019 $	2018 $
Assets			
Current assets			
Cash and cash equivalents	9	890,685	2,858,960
Trade and other receivables	10	609,571	659,714
Inventories	11	1,642,306	2,095,246
Other assets	15	253,821	410,679
Total current assets		**3,396,383**	**6,024,599**
Non-current assets			
Property, plant and equipment	13	10,321,376	15,287,023
Deferred tax assets	19	–	758,213
Intangible assets	14	6,097,701	8,934,430
Other non-current assets	15	319,045	406,517
Total non-current assets		**16,738,122**	**25,386,182**
Total assets		**20,134,505**	**31,410,781**
Liabilities			
Current liabilities			
Trade and other payables	16	4,659,021	3,128,895
Borrowings	17	1,471,193	374,313
Other financial liabilities	18	597,881	494,089
Provisions	20	503,864	391,744
Total current liabilities		**7,231,959**	**4,389,041**
Non-current liabilities			
Borrowings	17	602,563	1,701,559
Other financial liabilities	18	426,677	203,138
Deferred tax liabilities	19	–	1,011,462
Provisions	20	282,332	403,579
Total non-current liabilities		**1,311,572**	**3,319,738**
Total liabilities		**8,543,531**	**7,708,779**
Net assets		**11,590,974**	**23,702,002**
Equity			
Issued capital	21	29,810,861	26,149,248
Reserves	30	293,724	275,128
Retained earnings		(18,513,611)	(2,722,374)
Equity attributable to owners of the parent entity		11,590,974	23,702,002
Non-controlling interest	31	–	–
Total equity		**11,590,974**	**23,702,002**

The accompanying notes form part of these financial statements.

OLIVER'S REAL FOOD LTD AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2019

	Note	Share Capital $	Accumulated Losses $	Option Reserve $	Subtotal $	Non-controlling Interests $	Total $
Consolidated Group Balance at 1 July 2017		25,215,628	(1,681,237)	121,883	23,656,274	164,116	**23,820,390**
Comprehensive income							
Loss for the year		–	(642,753)	–	(642,753)	–	**(642,753)**
Total comprehensive income for the year		**–**	**(642,753)**	**–**	**(642,753)**	**–**	**(642,753)**
Transactions with owners, in their capacity as owners, and other transfers							
Transaction costs, net of tax		363,620	–	–	363,620	–	**363,620**
Payment of share options		7,500	–	–	7,500	–	**7,500**
Option expense recognised in the year		–	–	153,245	153,245	–	**153,245**
Total transactions with owners and other transfers		**371,120**	**–**	**153,245**	**524,365**	**–**	**524,365**
Other							
Acquisition of non-controlling interest		562,500	(398,384)	–	164,116	(164,116)	**-**
Balance at 30 June 2018		**26,149,248**	**(2,722,374)**	**275,128**	**23,702,002**	**–**	**23,702,002**
Balance at 1 July 2018		26,149,248	(2,722,374)	275,128	23,702,002	–	**23,702,002**
Adjustment for change in accounting policy	1	–	(129,736)	–	(129,736)	–	**(129,736)**
Balance at 1 July 2018 – Restated		26,149,248	(2,852,110)	275,128	(23,572,266)	–	**(23,572,266)**
Loss for the year		–	(15,661,501)	–	(15,661,501)	–	**(15,661,501)**
Total comprehensive income for the year		**–**	**(15,661,501)**	**–**	**(15,661,501)**	**–**	**(15,661,501)**
Transactions with owners, in their capacity as owners, and other transfers							
Shares issued in the year		4,044,910	–	–	4,044,910	–	**4,044,910**
Share issue costs		(383,297)	–	–	(383,297)	–	**(383,297)**
Transaction costs, net of tax		–	–	–	–	–	**-**
Payment of share options		–	–	–	–	–	**-**
Option expense recognised in the year		–	–	18,596	18,596	–	**18,596**
Total transactions with owners and other transfers		**3,661,613**	**–**	**18,596**	**3,680,209**	**–**	**3,680,209**
Other							
Acquisition of non-controlling interest		–	–	–	–	–	**-**
Balance at 30 June 2019		**29,810,861**	**(18,513,611)**	**293,724**	**11,590,974**	**–**	**11,590,974**

The accompanying notes form part of these financial statements.

OLIVER'S REAL FOOD LTD AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 $	2018 $
Cash flows from operating activities			
Receipts from customers		35,293,852	36,451,103
Interest received		8,079	9,924
Other income		–	18,166
Payments to suppliers and employees		(38,867,004)	(34,753,490)
Finance costs		(176,750)	(99,147)
Income tax paid		(211,169)	(277,969)
Net cash (used in)/generated by operating activities	**25A**	**(3,952,992)**	**1,348,587**
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		787,000	3,871,418
Payment for purchase of business, net of cash acquired		–	(3,437,234)
Payments for intangible assets		(139,000)	(250,490)
Purchase of property, plant and equipment		(2,004,283)	(6,662,975)
Net cash used in investing activities		**(1,356,283)**	**(6,479,282)**
Cash flows from financing activities			
Proceeds from issue of shares		4,045,000	–
Proceeds from borrowings		125,000	1,973,555
Cost of issuance of shares		(382,000)	–
Proceeds from exercise of options		–	7,500
Repayment of borrowings		(447,000)	(335,496)
Net cash provided by financing activities		**3,341,000**	**1,645,559**
Net decrease in cash held		(1,968,275)	(3,485,136)
Cash and cash equivalents at beginning of financial year		2,858,960	6,344,096
Effect of exchange rates on cash holdings in foreign currencies		–	–
Cash and cash equivalents at end of financial year	**9**	**890,685**	**2,858,960**

The accompanying notes form part of these financial statements.

OLIVER'S REAL FOOD LTD AND CONTROLLED ENTITIES NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

These consolidated financial statements and notes represent those of Oliver's Real Food Ltd and Controlled Entities (the "consolidated group" or "group"). The separate financial statements of the parent entity, Oliver's Real Food Limited have not been presented within this financial report as permitted by the Corporations Act 2001.

The financial statements were authorised for issue on 16 October 2019 by the Directors of the company.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

These general purpose financial statements have been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board. The Group is a for profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Except for cash flow information, the financial statements have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

(a) Principles of Consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the Oliver's Real Food Ltd) 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 12.

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. Inter-company 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 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.

(b) 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 obtained, 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 re-measured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is re-measured 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.

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

(c) Goodwill

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is calculated as the excess of the sum of:

(i) The consideration transferred;
(ii) Any non-controlling interest (determined under either the full goodwill or proportionate interest method); and
(iii) The acquisition date fair value of any previously held equity interest; over the acquisition date fair value of net identifiable assets acquired.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements.

Fair value re-measurements in any pre-existing equity holdings are recognised in profit or loss in the period in which they arise. Where changes in the value of such equity holdings had previously been recognised in other comprehensive income, such amounts are recycled to profit or loss.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), so the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's operating segments expected to benefit from the synergies of the combination. Operating segments, to which goodwill, has been allocated are tested for impairment annually or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the operating segments is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period. On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash- generating units. Otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount. Hence the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior financial years. A reversal of an impairment loss is recognised immediately in profit or loss.

(d) Income Tax

The income tax expense (income) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income for the current period. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss or arising from a business combination.

A deferred tax liability shall be recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from:
(a) the initial recognition of goodwill; or
(b) the initial recognition of an asset or liability in a transaction which:
  (i) is not a business combination; and
  (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability. With respect to non-depreciable items of property, plant and equipment measured at fair value and items of investment property measured at fair value, the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of the asset will be recovered entirely through sale. When an investment property that is depreciable is held by the entity in a business model whose objective is to consume substantially all of the economic benefits embodied in the property through use over time (rather than through sale), the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of such property will be recovered entirely through use.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (i) a legally enforceable right of set-off exists; and (ii) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Tax consolidation

The company and its wholly owned Australian resident entities have formed a tax-consolidated group and are therefore taxed as a single entity from that date. The head entity within the tax-consolidated group is Oliver's Real Food Ltd.

The members of the tax-consolidated group are identified in Note 12. Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the "separate taxpayer within group" approach by reference to the carrying amounts in the separate financial statements of each entity and the tax values applying under tax consolidation. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and relevant tax credits of the members of the tax consolidated group are recognised by the company (as head entity in the tax consolidated group). Due to the existence of a tax funding arrangement between the entities in the tax consolidated group, amounts are recognised as payable to or receivable by the company and each member of the group in relation to the tax contribution amounts paid or payable between the parent entity and the other members of the tax consolidated group in accordance with the arrangement.

Current income tax expense (income) and deferred tax liabilities and assets are recognised in the separate financial statements of members of the tax consolidated group using the "group allocation" approach. This approach determines the tax obligations of entities based on a systematic allocation which ensures that all amounts are allocated to the subsidiaries in compliance with AASB 112 Income Taxes.

Any current tax liabilities (assets) and deferred tax assets arising from unused tax losses of the subsidiaries are assumed by the head entity in the tax consolidated group and are recognised as amounts payable (receivable) to (from) other entities in the tax consolidated group. Any difference between these amounts and amounts payable (receivable) under the tax funding agreement (refer below) is recognised by the head entity as an equity injection or distribution.

(e) 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 (i.e. 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 (i.e. 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 (i.e. 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 instruments, 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.

(f) Inventories

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

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

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

(g) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Property

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

Plant and equipment

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

Depreciation

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

Class of fixed Asset	Depreciation Rate
Buildings	40 years
Leasehold improvements	3–15 years
Plant and equipment	3–7 years
Plant and equipment under lease	2–5 years

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

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

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

(h) Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset (but not the legal ownership) are transferred to entities in the consolidated group, are classified as finance leases.

Finance leases are capitalised by recognising an asset and a liability at the lower of the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

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

(i) Impairment of Assets

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

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

(j) Intangible Assets Other than Goodwill

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

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exisits, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Patents and trademarks

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

Brands & IP

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

As both the Brands & IP are an important element for the Oliver's business, i.e. they are crucial for the operation of the Oliver's business, the Directors are of the opinion that both brands and IP have an indefinite life.

Software

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

Customer contracts

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

(k) Foreign Currency Transactions and Balances

Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional currency.

(l) 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 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 re-measurements 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.

The Group's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Group does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

Equity-settled compensation

The Group operates an employee share and option plan. Share-based payments to employees are measured at the fair value of the instruments at grant date and amortised over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amounts are recognised in the option reserve and statement of profit and loss respectively. The fair value of options is determined using the Black–Scholes pricing model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest.

(m) Provisions

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

(n) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits available on demand with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are reported within borrowings in current liabilities on the statement of financial position.

(o) Revenue and Other Income

To determine whether to recognise revenue and what price, the Group follows a 5 step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied.

Total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

Revenue is recognised either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers.

The Group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the statement of financial position. Similarly, if the Group satisfies a performance obligation before it receives the consideration, the Group recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

The Group has identified the following revenue streams:

Sale of goods

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

Franchise fee revenue

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

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

Interest

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

Other revenue

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

(p) Trade and Other Receivables

Trade receivables are recognised when the control of ownership of the underlying sales transactions have passed to the customer in the ordinary course of business. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

The Group has adopted AASB 9 from 1 July 2018. The Group's trade and other receivables at year end are now assessed under the new impairment requirements which use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12 month ECL method unless the credit risk on a financial asset has increased significantly since the initial recognition in which case the lifetime ECL method is adopted.

(q) Trade and Other Payables

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

(r) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(s) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

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

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

(t) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Where the Group retrospectively applies an accounting policy, makes a retrospective restatement or reclassifies items in its financial statements, an additional (third) statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statement is presented.

(u) Rounding of Amounts

The parent entity has applied the relief available to it under ASIC Corporations (*Rounding in Financial/Directors' Reports*) Instrument 2016/191. Accordingly, amounts in the financial statements have been rounded to the nearest $1,000.

(v) Critical Accounting Estimates and Judgements

The Directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

(i) Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

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

(ii) Provision for impairment of receivables

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

(iii) Provision for impairment of inventories

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

(iv) Estimation of useful lives of assets

The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event.

The depreciation and amortisation charge will increase where the useful lives are less than previous estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

(v) Business combinations

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

(vi) Goodwill and other indefinite life intangible assets

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

(vii) Recovery of deferred tax assets

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

(viii) Employee benefits provision

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

(ix) Lease make good provision

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

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

(x) Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions. The company has closed a number of stores resulting in an impairment of assets, principally in relation to fit out assets associated with lease premises, the impairment charge was $2,455,042. A charge of $119,925 was also recognised for impairment of rights on re-acquired franchise stores. In addition, impairment reviews were undertaken on an operating segment basis consistent with the policy disclosed in the last annual report. This review identified an additional impairment of property, plant and equipment. The impairment charge was $1,453,393. For the impairment review for all operating segments, an annual growth rate in the range of 3.18% to 8.11% and a discount rate of 20.43% were used.

(w) Going Concern

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

As disclosed in the financial statements, the consolidated entity incurred a loss of $15,661,501 and had net cash outflows from operating activities of $3,952,992 for the year ended 30 June 2019. As at that date the consolidated entity had net current liabilities of $3,835,576. The ability of the Group to continue as a going concern is contingent on a number of factors, including improved performance of the remaining retail stores and renewal of the Group's $1,000,000 bank loan.

These factors indicate a material uncertainty which may cast significant doubt as to whether the consolidated entity will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The Directors believe that there are reasonable grounds to believe that the consolidated entity will be able to continue as a going concern, after consideration of the following factors:

(i) Cash flow forecast prepared by management to demonstrate the Group can operate to generate a net cash inflow from operating activities;

(ii) The Group has continuing support from its bankers and it is expected the current $1m bank debt will be extended past the December 2019 renewal date; and

(iii) The Group has the ability to consider the realisation of cash resources through the sale of tangible assets.

Accordingly, the Directors believe that the consolidated entity will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

The financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the consolidated entity does not continue as a going concern.

(x) New or amended Accounting Standards and Interpretations adopted

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

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

→ ***AASB 9: Financial Instruments***

The consolidated entity has adopted AASB 9 from 1 July 2018. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income ('OCI'). Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12 month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

→ ***AASB 15: Revenue from Contracts with Customers***

The consolidated entity has adopted AASB 15 from 1 July 2018. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

Impact of adoption

AASB 9 and AASB 15 were adopted using the modified retrospective approach and as such comparatives have not been restated. The impact of adoption on opening retained profits as at 1 July 2018 was $129,736 due to the deferred revenue recognised from the coffee loyalty cards. There was no impact from the adoption of the expected credit loss model under AASB 9.

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

Sale of goods

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

Interest

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

Other revenue

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

Trade and other receivables

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

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Contract assets

Contract assets are recognised when the consolidated entity has transferred goods or services to the customer but where the consolidated entity is yet to establish an unconditional right to consideration. Contract assets are treated as financial assets for impairment purposes.

Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, it's carrying value is written off.

Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either:

(i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or

(ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equity investments which the consolidated entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Impairment of financial assets

The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

Contract liabilities

Contract liabilities represent the consolidated entity's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the consolidated entity recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the consolidated entity has transferred the goods or services to the customer.

(y) New Accounting Standards for Application in Future Periods

→ ***AASB 16: Leases*** (applicable to annual reporting periods beginning on or after 1 January 2019).

When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: Leases and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

The main changes introduced by the new Standard are as follows:

- Recognition of a right-of-use asset and lease liability for all leases (excluding short-term leases with a lease term of 12 months or less of tenure and leases relating to low-value assets);
- Depreciation of right-of-use assets in line with AASB 116: Property, Plant and Equipment in profit or loss and unwinding of the liability in principal and interest components;
- Inclusion of variable lease payments that depend on an index or a rate in the initial measurement of the lease liability using the index or rate at the commencement date;
- Application of a practical expedient to permit a lessee to elect not to separate non-lease components and instead account for all components as a lease; and
- Inclusion of additional disclosure requirements.

The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108 or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

The Group has established an AASB 16 project team and is in the process of completing its impact assessment of AASB 16. Based on a preliminary assessment performed over each line of business and lease type, the effect of AASB 16 is not expected to have a material effect on the Group. It is impracticable at this stage to provide a reasonable estimate of such impact.

(z) Annual report differences from lodged Appendix 4E

	Annual Report $	Lodged Appendix 4E $	Difference $
Loss After Income Tax	(15,661,501)	(14,893,099)	(768,402)
Net Assets	11,590,974	12,056,130	(465,156)
Total Equity	**11,590,974**	**12,056,130**	**(456,156)**

In completing the 2019 audit, an impairment review was undertaken on the property, plant and equipment held by the Group. As a result, the impairment expense for FY19 increased to $6,557,872 and is largely responsible for the variance in the FY19 loss and net assets reported in the annual report from the lodged Appendix 4E.

NOTE 2: PARENT INFORMATION

The following information has been extracted from the books and records of the parent and has been prepared in accordance with Australian Accounting Standards.

	2019 $	2018 $
STATEMENT OF FINANCIAL POSITION		
Assets		
Current Assets	23,822,719	22,010,846
Non-current Assets	2,276,363	1,843,171
Total Assets	**26,099,082**	**23,854,017**
Liabilities		
Current Liabilities	657,704	322,478
Non-current Liabilities	711,800	606,717
Total Liabilities	**1,369,504**	**929,195**
Equity		
Issued Capital	28,790,143	25,573,122
Retained Earnings	(4,354,288)	(2,923,429)
Option Reserve	293,724	275,129
Total Equity	**24,729,578**	**22,924,822**
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME		
Total Profit	**(1,478,790)**	**(1,763,030)**
Total Comprehensive Income	**(1,478,790)**	**(1,763,030)**

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2019 and 30 June 2018.

Contractual commitments

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2019 and 30 June 2018.

NOTE 3: REVENUE AND OTHER INCOME

	Note	2019 $	2018 $
a. Revenue from continuing operations			
Sales Revenue			
Revenue from sale of goods		34,965,044	35,922,123
Franchise and royalty revenue		–	6,147
		34,965,044	**35,928,270**
Other Revenue			
Interest received		8,079	9,924
Total Revenue		**34,973,123**	**35,938,194**
Other Income			
Gain on disposal of property, plant and equipment		–	1,852,960
Other income		77,495	18,418
Gain in bargain purchase		–	50,777
Total Other Income		**77,495**	**1,922,155**

NOTE 4: PROFIT FOR THE YEAR

Profit before tax from continuing operations includes the following specific expenses:

	Note	2019 $	2018 $
a. Expenses			
Cost of sales		9,279,135	8,484,671
Finance costs		225,859	99,147
Employee benefit expense		19,306,111	15,610,971
Bad and doubtful debts:			
– Trade receivables		85,793	67,252
Occupancy expenses		6,961,417	5,866,724
Depreciation		1,876,892	1,659,348
Amortisation		574,735	637,244
Share-based payment expenses		18,596	153,256
Loss on disposal of property, plant and equipment		(573,836)	26,116

NOTE 5: INCOME TAX EXPENSE

	Note	2019 $	2018 $
a. The components of tax (benefit)/expense income comprise:			
Current tax		145,363	496,044
Deferred tax		(253,249)	130,210
Recoupment of prior year tax losses		–	(496,044)
Under provision in respect of prior years		15,798	372,001
		(92,088)	**502,211**
b. The prima facie tax on profit from ordinary activities before income tax is reconciled to income tax as follows:			
Prima facie tax payable on profit from ordinary activities before income tax at 30% (2018:30%)			
– Consolidated group		(309,448)	(42,163)
Add:			
Tax effect of:			
– Non-deductible depreciation and amortisation		217,360	193,856
– Under-provision for income tax in prior years		–	372,001
– Costs for raising capital		–	13,453
Recoupment of prior year tax losses		–	(19,703)
		(92,088)	**517,444**
Less:			
Tax effect of:			
– Gain on bargain purchase		–	15,233
Income tax attribute to entity		**(92,088)**	**502,211**

NOTE 6: KEY MANAGEMENT PERSONNEL COMPENSATION

Refer to the Remuneration Report contained in the Directors' Report for details of the remuneration paid or payable to each member of the Group's key management personnel (KMP) for the year ended 30 June 2019.

The totals of remuneration paid to KMP of the company and the Group during the year are as follows:

	2019 $	2018 $
Short-term employee benefits	902,514	1,078,284
Post-employment benefits	39,458	43,479
Termination benefits	–	17,372
Share-based payments	–	105,389
Total KMP compensation	**941,972**	**1,244,524**

Short-term employee benefits

These amounts include fees and benefits paid to the non-executive chair and non-executive Directors as well as all salary, paid leave benefits, fringe benefits and cash bonuses awarded to executive Directors and other key management personnel.

Post-employment benefits

These amounts are the current year's superannuation contributions made during the year.

Share-based payments

These amounts represent the expense related to the participation of KMP in equity-settled benefit schemes as measured by the fair value of the options, rights and shares granted on grant date.

Further information in relation to KMP remuneration can be found in the Remuneration Report.

NOTE 7: AUDITOR'S REMUNERATION

	2019 $	2018 $
Remuneration of the auditor for:		
– Auditing or reviewing the financial statements	142,500	83,588
– Taxation services	54,150	93,000
– Due diligence services	–	10,250
– Other taxation services	4,825	10,775
	201,475	**197,613**

NOTE 8: LOSS PER SHARE

	2019 $	2018 $
a. Reconciliation of earnings to profit or loss:		
Loss used to calculate basic EPS	15,661,501	642,753
Loss used in the calculation of dilutive EPS	15,661,501	642,753
	No.	**No.**
b. Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	237,565,670	195,817,574
Weighted average number of dilutive options outstanding	–	–
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	246,833,730	195,817,574
EPS		
– Basic	(0.07)	(0.00)
– Diluted	(0.07)	(0.00)

NOTE 9: CASH AND CASH EQUIVALENTS

	Note	2019 $	2018 $
Cash at bank and on hand		890,685	2,544,723
Short-term bank deposits		–	314,237
		890,685	**2,858,960**
Reconciliation of cash			
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:			
Cash and cash equivalents		890,685	2,858,960
		890,685	**2,858,960**

NOTE 10: TRADE AND OTHER RECEIVABLES

	Note	2019 $	2018 $
Current			
Trade receivables		126,858	455,666
Provision for impairment		(45,273)	–
		81,585	**455,666**
Other receivables		527,986	204,048
Total current trade and other receivables		**609,571**	**659,714**

Credit risk

The Group has no significant concentration of credit risk with respect to any single counter party or group of counter parties other than those receivables specifically provided for and mentioned within Note 10. The class of assets described as Trade and Other Receivables is considered to be the main source of credit risk related to the Group.

Past due but not impaired

Customers with balances past due but without provision for impairment of receivables amount to $81,585 as at 30 June 2019 ($334,527 as at 30 June 2018).

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

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

	2019 $	2018 $
0 to 3 months	22,411	273,003
3 to 6 months	3,601	–
Over 6 months overdue	55,573	61,524
	81,585	**334,527**

NOTE 11: INVENTORIES

	Note	2019 $	2018 $
Current			
At cost:			
Raw materials and stores		1,535,161	2,050,921
Finished goods		107,145	44,325
		1,642,306	**2,095,246**

NOTE 12: INTERESTS IN SUBSIDIARIES

(a) Information about Principal Subsidiaries

The subsidiaries listed below have share capital consisting solely of ordinary shares or ordinary units which are held directly by the Group. The proportion of ownership interests held equals the voting rights held by Group. Each subsidiary's principal place of business is also its country of incorporation.

Name of subsidiary	Principal place of business	Ownership interest held by the Group 2019 %	2018 %
Coffs Harbour Franchise Pty Ltd	Australia	100%	100%
Coonalpyn Properties Pty Ltd	Australia	100%	100%
Farm Gate Market Direct Pty Ltd	Australia	100%	100%
Fresh Food Services NSW Pty Ltd	Australia	100%	100%
Fresh Food Services QLD Pty Ltd	Australia	100%	100%
Fresh Food Services VIC Pty Ltd	Australia	100%	100%
Gundagai Properties Pty Ltd	Australia	100%	100%
Oliver's Albury North Pty Ltd (in liquidation)	Australia	100%	100%
Oliver's Aratula Pty Ltd	Australia	100%	100%
Oliver's Ballarat Pty Ltd	Australia	100%	100%
Oliver's Bulahdelah Pty Ltd	Australia	100%	100%
Oliver's Calcoffs Pty Ltd	Australia	100%	100%
Oliver's Chinderah Pty Ltd	Australia	100%	100%
Oliver's Coffs Pty Ltd	Australia	100%	100%
Oliver's Coomera Pty Ltd (in liquidation)	Australia	100%	100%
Oliver's Coonalpyn Pty Ltd	Australia	100%	100%
Oliver's Corporate Pty Ltd	Australia	100%	100%
Oliver's Dubbo West Pty Ltd (in liquidation)	Australia	100%	100%
Oliver's East-Link Inbound Pty Ltd	Australia	100%	100%
Oliver's East-Link Outbound Pty Ltd	Australia	100%	100%
Oliver's Euroa Pty Ltd	Australia	100%	100%
Oliver's Ferry Park Pty Limited	Australia	100%	100%
Oliver's Franchising Pty Ltd	Australia	100%	100%
Oliver's Geelong Northbound Pty Ltd	Australia	100%	100%
Oliver's Geelong Southbound Pty Ltd	Australia	100%	100%
Oliver's Gundagai Pty Ltd	Australia	100%	100%
Oliver's Halfway Creek Pty Ltd	Australia	100%	100%
Oliver's Hexham Pty Ltd	Australia	100%	100%
Oliver's Holbrook Pty Ltd	Australia	100%	100%
Oliver's Horsham Pty Ltd (in liquidation)	Australia	100%	100%

NOTE 12: INTERESTS IN SUBSIDIARIES (CONTINUED)

		Ownership interest held by the Group	
		2019	2018
Name of subsidiary	Principal place of business	%	%
Oliver's Kelso Pty Ltd	Australia	100%	100%
Oliver's Lithgow Pty Ltd	Australia	100%	100%
Oliver's Maitland Road Pty Ltd	Australia	100%	100%
Oliver's Maryborough Pty Ltd	Australia	100%	100%
Oliver's Merino Pty Ltd	Australia	100%	100%
Oliver's National Marketing Fund Pty Ltd	Australia	100%	100%
Oliver's Officer Inbound Pty Ltd	Australia	100%	100%
Oliver's Officer Outbound Pty Ltd	Australia	100%	100%
Oliver's Organic Farming Pty Ltd	Australia	100%	100%
Oliver's Penn-Link Inbound Pty Ltd	Australia	100%	100%
Oliver's Penn-Link Outbound Pty Ltd	Australia	100%	100%
Oliver's Port Macquarie Pty Ltd	Australia	100%	100%
Oliver's Roma Street Pty Ltd	Australia	100%	100%
Oliver's Shepparton Pty Ltd	Australia	100%	100%
Oliver's Sutton Forest Pty Ltd	Australia	100%	100%
Oliver's Wallan Northbound Pty Ltd	Australia	100%	100%
Oliver's Wallan Southbound Pty Ltd	Australia	100%	100%
Oliver's Westgate Pty Ltd	Australia	100%	100%
Oliver's Wyong Northbound Pty Ltd	Australia	100%	100%
Oliver's Wyong Southbound Pty Ltd	Australia	100%	100%
Retail Technology Services Pty Ltd	Australia	100%	100%
Revilo's Pty Ltd	Australia	100%	100%
Silver Dog Pty Ltd	Australia	100%	100%
Slacks Creek Pty Ltd	Australia	100%	100%
The Delicious & Nutritious Food Co Pty Ltd	Australia	100%	100%
The Delicious & Nutritious Food Co Pty Ltd	Australia	100%	75%

Subsidiary financial statements used in the preparation of these consolidated financial statements have also been prepared as at the same reporting date as the Group's financial statements.

NOTE 13: PROPERTY, PLANT AND EQUIPMENT

	2019 $	2018 $
Land and Buildings		
Land and buildings	496,913	1,028,338
Total land and buildings	**496,913**	**1,028,338**
Carrying amount of all buildings had they been carried under the cost model		
Plant and Equipment Plant and equipment:		
At cost	7,271,375	7,344,891
Accumulated depreciation	(2,668,367)	(1,949,781)
Accumulated impairment losses	(1,453,393)	(123,767)
	3,149,615	**5,271,343**
Leasehold improvements:		
At cost	9,404,315	9,148,819
Accumulated amortisation	(1,640,750)	(1,000,182)
Accumulated impairment losses	(2,455,043)	(58,743)
	5,308,522	**8,089,894**
Motor vehicles:		
At cost	1,388,152	1,289,184
Accumulated depreciation	(516,341)	(391,736)
	871,811	**897,448**
Motor vehicles (Right of Use):		
At cost	555,635	–
Accumulated depreciation	(61,120)	–
	494,515	**–**
Total plant and equipment	**9,824,463**	**14,285,685**
Total property, plant and equipment	**10,321,376**	**15,287,023**

a) Movements in Carrying Amounts

Movements in carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year.

Consolidated Group:	Land & Buildings $	Leasehold Improvements $	Plant & Equipment $	Motor Vehicles $	Motor Vehicles (Right of Use) $	Total $
Balance at 1 July 2017	**1,728,642**	**4,042,485**	**4,406,977**	**558,986**	–	**10,737,090**
Additions	7,173	2,969,277	1,926,317	469,995	–	**5,372,762**
Disposals	(2,026,239)	–	(213,931)	–	–	**(2,240,170)**
Acquisitions through business combinations	1,318,761	1,696,759	243,683	–	–	**3,259,203**
Depreciation expense	–	(559,884)	(967,935)	(131,533)	–	**(1,659,352)**
Impairment of fixed assets	–	(58,743)	(123,767)	–	–	**(182,510)**
Balance at 30 June 2018	**1,028,337**	**8,089,894**	**5,271,344**	**897,448**	–	**15,287,023**
Additions	–	742,978	535,401	123,944	555,635	**1,957,958**
Disposals	(531,424)	(378,300)	(163,427)	(16,205)	–	**(1,089,356)**
Depreciation expense	–	(691,008)	(1,040,310)	(133,376)	(61,120)	**(1,665,974)**
Impairment of fixed assets	–	(2,455,042)	(1,453,393)	–	–	**(3,908,435)**
Balance at 30 June 2019	**496,913**	**5,308,522**	**3,149,615**	**871,811**	**494,515**	**10,321,376**

NOTE 14: INTANGIBLE ASSETS

	2019 $	2018 $
Goodwill		
Cost	4,663,028	4,937,638
Accumulated impairment losses	(2,529,521)	(274,610)
Net carrying amount	**2,133,516**	**4,663,028**
Patents and trademarks		
Cost	190,575	190,576
Accumulated amortisation and impairment losses	(124,375)	(107,399)
Net carrying amount	**66,200**	**83,177**
Computer software		
Cost	830,852	381,580
Accumulated amortisation and impairment losses	(66,535)	(403)
Net carrying amount	**764,317**	**381,177**
Brands and IP		
Cost	610,576	691,256
Accumulated amortisation and impairment losses	–	–
Net carrying amount	**610,576**	**691,256**
Customer relationships		
Cost	333,830	333,830
Accumulated amortisation	(100,139)	(77,884)
Net carrying amount	**233,691**	**255,946**
Reacquired rights		
Cost	3,258,000	3,408,000
Accumulated amortisation	(968,599)	(548,154)
Net carrying amount	2,289,401	2,859,846
Total intangible assets	**6,097,701**	**8,934,430**

NOTE 14: INTANGIBLE ASSETS (CONTINUED)

	Goodwill $	Reacquired Rights $	Patents and Trademarks $	Computer Software $	Brands and IP $	Customer Relationships $	Total $
Year ended 30 June 2018							
Balance at the beginning of the year	5,743,720	–	29,792	1,814	612,189	289,329	6,676,844
Additions	–	–	108,720	379,732	79,067	–	567,519
Acquisition through business combinations	2,601,918	–	–	–	–	–	2,601,918
Reallocation	(3,408,000)	3,408,000	–	–	–	–	–
Disposals	–	–	–	–	–	–	–
Amortisation charge	–	(548,154)	(55,335)	(369)	-	(33,383)	(637,241)
Impairment losses	(274,610)	–	–	–	–	–	(274,610)
Closing value at 30 June 2018	**4,663,028**	**2,859,846**	**83,177**	**381,177**	**691,256**	**255,946**	**8,934,430**
Year ended 30 June 2019							
Balance at the beginning of the year	4,663,028	2,859,846	83,177	381,177	691,256	255,946	8,934,430
Additions	–	–	–	449,276	–	–	449,276
Disposals	–	(30,075)	–	–	(80,680)	–	(110,755)
Amortisation charge	–	(420,445)	(16,977)	(66,135)	–	(22,256)	(525,813)
Impairment losses	(2,529,512)	(119,925)	–	–	–	–	(2,649,437)
Closing value at 30 June 2018	**2,133,516**	**2,289,401**	**66,200**	**764,318**	**610,576**	**233,690**	**6,097,701**

Intangible assets, other than goodwill, brand and IP, have finite useful lives. The current amortisation charges for intangible assets are included under depreciation and amortisation expense per the statement of profit or loss. Goodwill, Brands and IP have an indefinite useful life and are not amortised.

Impairment disclosures

Goodwill is allocated to group of cash-generating units which are based on the group's reporting segments.

	2019 $	2018 $
NSW segment	2,133,516	2,262,916
VIC segment	–	2,034,466
QLD segment	–	–
Red Dragon	–	365,646
Total	**2,133,516**	**4,663,028**

Brands and IP are allocated to group of cash-generating units which are based on the group's reporting segments.

NOTE 14: INTANGIBLE ASSETS (CONTINUED)

	2019 $	2018 $
Oliver's stores	500,000	580,680
Red Dragon	110,576	110,576
Total	**610,576**	**691,256**

The recoverable amount of each cash-generating unit above is determined based on value-in-use calculations. Value in use is calculated based on the present value of cash flow projections over a 5-year period using an estimated growth rate.

The following key assumptions were used in the value-in-use calculations:

	Growth Rate	Discount Rate
NSW segment	(0.46%)	20.43%
VIC segment	3.18%	20.43%
QLD segment	–	–
Red Dragon	–	–

Management has based the value-in-use calculations on budgets for each reporting segment. These budgets use historical weighted average growth rates to project revenue. Costs are calculated taking into account historical gross margins as well as estimated weighted average inflation rates over the period which are consistent with inflation rates applicable to the locations in which the segments operate. Discount rates are pre-tax and are adjusted to incorporate risks associated with a particular segment.

Sensitivity

As disclosed in Note 1, the Directors have made judgements and estimates in respect of impairment testing of goodwill, brands and IP. Should these judgements and estimates not occur the resulting goodwill carrying amount may decrease. The sensitivities are as follows:

Goodwill would need to be impaired if the following key assumptions are increased / (decreased), with all other assumptions remaining constant:

	Growth Rate	Discount Rate
NSW segment	(18.5%)	58.5%
VIC segment	–	–
QLD segment	–	–
Red Dragon	–	–

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

If there are any negative changes in the key assumptions on which the recoverable amount of goodwill is based, this would result in a further impairment charge for the cash generating unit's goodwill.

NOTE 15: OTHER ASSETS

	2019 $	2018 $
Current		
Prepayments	253,821	410,679
	253,821	**410,679**
Non-current		
Security deposits and bonds	304,483	327,668
Other assets	14,562	78,849
	319,045	**406,517**

NOTE 16: TRADE AND OTHER PAYABLES

	2019 $	2018 $
Current		
Trade payables	2,343,074	1,851,473
Sundry payables and accrued expenses	2,315,947	1,277,423
	4,659,021	**3,128,895**

NOTE 17: BORROWINGS

	Note	2019 $	2018 $
Current			
Unsecured liabilities			
Lease liability	22	271,193	174,313
Loan from associated parties		200,000	200,000
Secured liabilities			
Bank loans		1,000,000	–
Total current borrowings		**1,471,193**	**374,313**
Non-current			
Unsecured liabilities			
Lease liability	22	602,563	311,559
Secured liabilities			
Bank loans	17a,c	–	1,390,000
Total non-current borrowings		**602,563**	**1,701,559**
Total borrowings	29	**2,073,757**	**2,075,872**

NOTE 17: BORROWINGS (CONTINUED)

	Note	2019 $	2018 $
a. Total current and non-current secured liabilities			
Bank loan		1,000,000	1,390,000
		1,000,000	**1,390,000**

The nominal interest rate is 1.81% per annum and the year of maturity is December 2019. The loans are secured over the group's all present and after acquired properties.

NOTE 18: OTHER FINANCIAL LIABILITIES

	2019 $	2018 $
Current		
Rent payable	597,881	446,581
Other	–	47,508
	597,881	**494,089**
Non-current		
Provision for lease	426,677	203,138
	426,677	**203,138**

NOTE 19: TAX

	Opening Balance $	Charged to Income $	Additions through business combinations	Charged to Equity $	Closing Balance $
Non-current					
Deferred tax liabilities					
Prepayments	45,974	5,364	–	–	51,338
Rent Receivable	15,273	(15,273)	–	–	–
Amortised intangibles	–	(62,276)	1,022,400	–	960,124
Balance at 30 June 2018	**61,247**	**(72,185)**	**1,022,400**	–	**1,011,462**
Prepayments	51,338	(51,338)	–	–	–
Rent Receivable	–	–	–	–	–
Amortised intangibles	960,124	(960,124)	–	–	–
Balance at 30 June 2019	**1,011,462**	**(1,011,462)**	–	–	–
Deferred tax assets					
Other	349,149	(385,770)	–	388,626	352,005
Employee benefits	70,654	46,869	–	–	117,523
Provision of future lease expense	47,570	13,371	–	–	60,941
Superannuation not paid in financial year	83,517	25,478	–	–	108,995
Depreciation on make good	16,015	78,735	–	–	94,750
Unwinding of discount	5,077	18,922	–	–	23,999
Balance at 30 June 2018	**571,982**	**(202,395)**	–	**388,626**	**758,213**
Other	352,005	(352,005)	–	–	–
Employee benefits	117,523	(117,523)	–	–	–
Provision of future lease expense	60,941	(60,941)	–	–	–
Superannuation not paid in financial year	108,995	(108,995)	–	–	–
Depreciation on make good	94,750	(94,750)	–	–	–
Unwinding of discount	23,999	(23,999)	–	–	–
Balance at 30 June 2019	**758,213**	**(758,213)**	–	–	–

NOTE 20: PROVISIONS

	2019 $	2018 $
Current		
Employee benefits		
Opening balance at 1 July 2018	391,744	235,515
Additional provisions – net	112,120	156,229
Balance at 30 June 2019	**503,864**	**391,744**

	2019 $	2018 $
Non-current		
Lease make good		
Opening balance at 1 July 2018	403,579	345,201
Additional provisions – net	(121,247)	58,378
Balance at 30 June 2019	**282,332**	**403,579**

Analysis of Total Provisions

	2019 $	2018 $
Opening balance at 1 July 2018	795,323	391,744
Additional provisions – net	(9,127)	403,579
Balance at 30 June 2019	**786,196**	**795,323**

Provision for Employee Benefits

Provision for employee benefits represents amounts accrued for annual leave and long service leave.

The current portion for this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the Group does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the Group does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

Provision for Make Good

A provision has been made for the present value of anticipated costs for future restoration of leased premises. Refer to Note 1 (v) (ix) for further details.

NOTE 21: ISSUED CAPITAL

	2019 $	2018 $
251,294,417 (2018: 213,960,081) fully paid ordinary shares	29,810,861	26,149,248
	29,810,861	**26,149,248**

(a) Ordinary Shares

	2019 No.	2019 $	2018 No.	2018 $
At the beginning of the reporting period	213,960,081	26,149,248	211,522,581	25,215,628
Shares issued during the year				
– JUL 2017 ($0.30 per share for non-cash)	–	–	1,875,000	562,500
– JUN 2018 (exercise of options)	–	–	562,500	7,500
– NOV 2018 (placement)	32,094,012	3,530,349	–	–
– DEC 2018 (entitlement offer)	4,677,824	514,561	–	–
Transaction costs on raising capital	–	(383,297)	–	363,620
At the end of the reporting period	**250,731,917**	**29,810,861**	**213,960,081**	**26,149,248**

Ordinary shares

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

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

(b) Options

(i) For information relating to the Oliver's Real Food Ltd employee option plan, including details of options issued, exercised and lapsed during the financial year and the options outstanding at year-end. Refer to the Director's Report and Note: Share-based Payments.

(ii) For information relating to share options issued to key management personnel during the financial year. Refer to the Director's Report and Note: Share-based Payments.

(c) Capital Management

Management controls the capital of the Group in order to maintain a sustainable debt to equity ratio, generate long-term shareholder value and ensure that the Group can fund its operations and continue as a going concern.

The Group's debt and capital include ordinary share capital and financial liabilities, supported by financial assets. The Group is not subject to any externally imposed capital requirements.

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

NOTE 22: CAPITAL AND LEASING COMMITMENTS

	Note	2019 $	2018 $
(a) Finance Lease Commitments			
Payable – minimum lease payments			
– Not later than 12 months		305,784	190,940
– Between 12 months and 5 years		618,294	348,782
– Later than 5 years		–	–
Minimum lease payments		924,077	539,722
Less future finance charges		(32,918)	(69,824)
Present value of minimum lease payments	17	**891,159**	**469,897**

	Note	2019 $	2018 $
(b) Operating Lease Commitments			
Non-cancellable operating leases contracted for but not recognised in the financial statements			
Payable – minimum lease payments			
– Not later than 12 months		3,085,135	3,470,270
– Between 12 months and 5 years		11,316,667	13,407,039
– Later than 5 years		14,975,884	18,954,174
		29,377,686	**35,831,483**

	Note	2019 $	2018 $
(c) Operating Lease Commitments – Sub-lease			
Non-cancellable operating leases contracted for but not recognised in the financial statements			
Payable – minimum lease payments			
– Not later than 12 months		825,572	561,485
– Between 12 months and 5 years		2,728,494	2,256,915
– Later than 5 years		–	101,964
		3,554,066	**2,920,363**

NOTE 22: CAPITAL AND LEASING COMMITMENTS (CONTINUED)

	Note	2019 $	2018 $
(d) Lessor Commitments – Sub-lease			
Minimum lease commitments receivable but not recognised in the financial statements			
– Not later than 12 months		28,333	88,010
– Between 12 months and 5 years		47,223	317,636
– Later than 5 years		–	663,119
		75,556	**1,0368,765**

NOTE 23: CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Contingent Liabilities

The consolidated entity has given bank guarantees as at 30 June 2019 of $360,904 (2018: $606,680) to various landlords to support QSR leases.

NOTE 24: OPERATING SEGMENTS

General Information

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the board of Directors (chief operating decision makers) in assessing performance and in determining the allocation of resources.

The Group operates exclusively in the Quick Service Restaurant segment in Australia.

NOTE 25: CASH FLOW INFORMATION

	2019 $	2018 $
(a) Operating Activities with Profit after Income Tax		
Profit after income tax	**(15,661,501)**	**(642,753)**
Non-cash flows in profit		
Depreciation & Amortisation	2,451,627	2,296,595
Net (gain)/loss on disposal of property, plant and equipment	573,836	(1,826,844)
Impairment expense	6,557,725	274,610
Share option expenses	18,596	153,256
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:		
– Decrease in trade and term receivables	458,978	522,833
– Decrease/(increase) in prepayments	156,858	(257,430)
– Increase in inventories	(323,938)	(754,765)
– Decrease other operating assets	244,331	22,092
– Increase in trade payables	491,601	872,954
– Increase in income taxes payable	–	90,665
– (Decrease)/increase in deferred taxes payable	(1,011,461)	149,604
– Decrease/(increase) in deferred taxes receivable	758,213	(19,394)
– Increase in provisions	151,300	259,179
– Decrease/(increase) in accruals	1,150,643	(238,439)
– Increase in other operating liabilities	30,053	446,426
Cash flows from operating activities	**(3,952,992)**	**1,348,587**

NOTE 26: SHARE-BASED PAYMENTS

(a) Directors Share Option Plan

On 21 April 2017, 2,250,000 share options were granted to Non-Executive Directors under the Oliver's Employee Incentive Plan to take up ordinary shares at an exercise price of $0.30 each. The options are exercisable on or before 20 April 2021. The options hold no voting or dividend rights and are not transferable.

These options vest over a two years period. Vesting is subject to continuous service as Director until the vesting date.

Set out below are summaries of options granted under the plan:

	Grant Date	Expiry Date	Exercise Price	Balance at start of the year	Granted	Exercised	Expired/ forfeited/ other	2019 Balance at the end of the year
	21/4/2017	20/4/2021	$0.30	2,250,000	–	–	(2,250,000)	–
Weighted average exercise price			**$0.30**					

No options were exercisable at the end of the financial year: The weighted average share price during the financial year was $0.040.

(b) Executive Share Option Plan

On 3 May 2017, 3,700,000 share options were granted to Executives under the Oliver's Employee Incentive Plan to take up ordinary shares at an exercise price of $0.30 each. The options are exercisable on or before 26 February 2021. The options hold no voting or dividend rights and are not transferable.

These options vest over a three year period. Vesting is subject to performance conditions pertaining to earnings forecast and relative total shareholder return (TSR) being met and the executive is still employed at the end of the vesting period. The options lapse when an executive ceases his/her employment with the group.

	Grant Date	Expiry Date	Exercise Price	Balance at start of the year	Granted	Exercised	Expired/ forfeited/ other	2019 Balance at the end of the year
	3/05/2017	26/02/2021	$0.30	1,500,000	–	–	(1,000,000)	500,000
Weighted average exercise price			$0.30					

There were no options exercisable at the end of the financial year:

A total of 1,000,000 options were forfeited as a result of the executives left the company during the financial year. The weighted average share price during the financial year was $0.040.

The weighted average remaining contractual life of options outstanding at the end of the financial year was 1.80 years.

NOTE 26: SHARE-BASED PAYMENTS (CONTINUED)

(c) Veritas Share Option

On 21 April 2017, 2,000,000 share options were granted to Veritas Securities Limited under the Letter of Appointment as Corporate Adviser and Lead Manager for the group's initial public offering. The options are exercisable on or before 20 June 2020 with an exercise price of $0.30 each. The options hold no voting or dividend rights and are not transferable.

These options vest over a two year period and with no other vesting conditions.

Set out below are summaries of options granted under the plan:

								2019
	Grant Date	Expiry Date	Exercise Price	Balance at start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
	21/4/2017	20/6/2020	$0.30	2,000,000	–	–	–	2,000,000
Weighted average exercise price			**$0.30**					

There were 2,000,000 options exercisable at the end of the financial year: The weighted average share price during the financial year was $0.040.

The weighted average remaining contractual life of options outstanding at the end of the financial year was 0.97 years.

(d) Whitfield Share Option

On 11 August 2016, Whitfield Investments Pty Ltd, a company associated with John Diddams, a Director of the Company, was granted an option over 400 ordinary shares at an exercise price of $100 each, subject to certain vesting conditions, including the Company listing on ASX before 30 September 2017 and John Diddams remaining as a Director of the Company for the vesting periods. The options were restructured after the Company undertook 7500:1 share split on 11 November 2016, resulting in a option over 3,000,000 ordinary shares with a corresponding reduction in the exercise price. All options were forfeited during the year on resignation of Mr Diddams.

Set out below are summaries of options granted under the plan:

								2019
	Grant Date	Expiry Date	Exercise Price	Balance at start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
	11/08/2016	14/10/2019	$0.01393	562,500	–	(562,500)	–	–
Weighted average exercise price			**$0.01393**					

There were no options exercisable at the end of the financial year:

The weighted average share price during the financial year was $0.040.

NOTE 27: EVENTS AFTER THE REPORTING PERIOD

On 31 July 2019, the Board approved a loan agreement between Jason Gunn, CEO and the Company. The agreement covers a $500,000 unsecure loan from Mr Gunn, bearing interest at 10% p.a. with no specified maturity date. The proceeds of the loan with be used for working capital.

Following the closure of the store at Aratula, the fixtures and fittings were sold and the lease assigned to the purchaser with settlement occurring 17 July 2019.

The Directors are not aware of any other significant events since the end of the reporting period.

NOTE 28: RELATED PARTY TRANSACTIONS

Related Parties

(a) The Group's main related parties are as follows:

i. Entities exercising control over the Group:

The ultimate parent entity that exercises control over the Group is Oliver's Real Food Ltd, which is incorporated in Australia.

ii. Key Management Personnel:

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any Director (whether executive or otherwise) of that entity are considered key management personnel.

iii. Entities subject to significant influence by the Group:

An entity that has the power to participate in the financial and operating policy decisions of an entity, but does not have control over those policies, is an entity that holds significant influence. Significant influence may be gained by share ownership, statute or agreement.

iv. Other Related Parties

Other related parties include entities controlled by the ultimate parent entity and entities over which key management personnel have joint control.

→ Jason Gunn is the Chief Executive Officer of the company and was appointed as a director on 28 February 2019.

→ Amanda Gunn the Operations Manager, is the wife of Jason Gunn and was appointed as a director on 28 February 2019.

→ Taonga Nui Holdings Limited is a company incorporated in New Zealand of which both Jason Gunn and Katherine Hatzis hold equity.

→ Gunn-arr Pty Limited is a company incorporated in Australia of which Jason Gunn holds equity.

(b) Transactions with related parties:

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The following transactions occurred with related parties:

	2019 $	2018 $
Associates		
Royalty payment to Taonga Nui Holdings Limited	–	–
Consulting fees paid to Taonga Nui Holdings Limited	–	–

NOTE 28: RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Amounts outstanding from related parties

	2019 $	2018 $
Trade and Other Receivables		
Taonga Nui Holdings Limited	–	–
Jason Gunn	–	2,500

NOTE 29: FINANCIAL RISK MANAGEMENT

The Group's financial instruments consist mainly of deposits with banks, accounts receivable and payable, loans to and from subsidiaries and leases.

The totals for each category of financial instruments, measured in accordance with AASB 9: *Financial Instruments* as detailed in the accounting policies to these financial statements, are as follows:

	2019 $	2018 $
Financial Assets		
Cash and cash equivalents	890,685	2,858,960
Loans and receivables	609,571	659,714
Total Financial Assets	**1,500,256**	**3,518,674**
Financial Liabilities		
Financial liabilities at amortised cost		
Trade and other payables	4,659,021	3,128,895
Borrowings	2,073,756	2,075,872
Total Financial Liabilities	**6,732,777**	**5,204,767**

Financial Risk Management Policies

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

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

NOTE 29: FINANCIAL RISK MANAGEMENT (CONTINUED)

Specific Financial Risk Exposures and Management

The main risks the Group is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk, foreign currency risk and other price risk (commodity and equity price risk). There have been no substantive changes in the types of risks the Group is exposed to, how these risks arise, or the Board's objectives, policies and processes for managing or measuring the risks from the previous period.

(a). Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counter parties of contract obligations that could lead to a financial loss to the Group.

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

(b). Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The table below reflects an undiscounted contractual maturity analysis for financial liabilities.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflect the earliest contractual settlement dates and do not reflect management's expectations that banking facilities will be rolled forward.

Financial liability and financial asset maturity analysis

	Within 1 Year		1 to 5 years		Over 5 years		Total	
Consolidated Group	2019	2018	2019	2018	2019	2018	2019	2018
	$	$	$	$	$	$	$	$
Financial liabilities due for payment								
Bank overdrafts and loans	1,000,000	–	–	1,390,000	–	–	1,000,000	1,390,000
Trade and other payables	4,659,021	3,128,895	–	–	–	–	4,659,021	3,128,895
Amounts payable to related parties	200,000	200,000	–	–	–	–	200,000	200,000
Finance lease liabilities	271,193	174,313	602,563	311,559	–	–	873,756	485,872
Total expected outflows	**6,130,214**	**3,503,208**	**602,563**	**1,701,559**	**–**	**–**	**6,732,777**	**5,204,767**

NOTE 29: FINANCIAL RISK MANAGEMENT (CONTINUED)

	Within 1 Year		1 to 5 years		Over 5 years		Total	
Consolidated Group	2019 $	2018 $	2019 $	2018 $	2019 $	2018 $	2019 $	2018 $
Financial Assets – cash flows realisable								
Cash and cash equivalents	890,685	2,858,960	–	–	–	–	890,685	**2,858,960**
Trade, term and loans receivables	609,571	659,714	–	–	–	–	609,571	**659,714**
Total anticipated inflows	**1,500,256**	**3,518,674**	**–**	**–**	**–**	**–**	**1,500,256**	**3,518,674**
Net (outflow) / inflow on financial instruments	**(4,629,958)**	**15,466**	**(602,563)**	**(1,701,559)**	**–**	**–**	**5,232,521**	**(1,686,093)**

(c). Market Risk

i. Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The Group is also exposed to earnings volatility on floating rate instruments. The financial instruments that primarily expose the Group to interest rate risk are borrowings, and cash and cash equivalents.

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

The following sensitivity analysis shows the impact that a reasonable possible change in interest rates would have on Group profit after tax and equity. The impact is determined by assessing the effect that such a reasonable possible change in interest rates would have had on the interest income/(expense) and the impact on financial instrument fair values.

If interest rates had moved by 100 basis points and with all other variables held constant, profit after tax and equity would be affected as follows:

	Impact on profit after tax	
	2019 $	2018 $
Interest rates – increase by 100 basis points	(10,000)	(9,730)
Interest rates – decrease by 100 basis points	10,000	**9,730**

ii. Foreign currency risk

Exposure to foreign currency risk may result in the fair value or future cash flows of a financial instrument fluctuating due to movement in foreign exchange rates of currencies in which the Group holds financial instruments which are other than the AUD functional currency of the Group.

The consolidated entity is not exposed to any significant foreign currency risk.

iii. Other price risk

Other price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices largely due to demand and supply factors (other than those arising from interest rate risk or foreign currency risk) for commodities.

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

NOTE 29: FINANCIAL RISK MANAGEMENT (CONTINUED)

Fair Values

Fair value estimation

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

NOTE 30: RESERVES

Option Reserve

The option reserve arises on the grant of share options to Directors and executives in accordance with the provisions of Oliver's Employee Incentive Plan. Amounts are transferred out of the reserve and into issued share capital when the options are vested. Further information about the share based payments to employees is set out in Note 26.

OLIVER'S REAL FOOD LTD AND CONTROLLED ENTITIES DIRECTORS' DECLARATION

The Directors of the company declare that, in the opinion of the Directors:

(a) The attached financial statements and notes thereto are in accordance with the Corporations Act 2001; and

  (i) give a true and fair view of the financial position and performance of the consolidated entity; and

  (ii) comply with Australian Accounting Standards, including the Interpretations and Corporations Regulations 2001;

(b) the financial statements and notes thereto also comply with International Financial Reporting Standards, as disclosed in Note 1;

(c) the Directors have been given the declarations required by S.295A of the Corporations Act 2001; and

(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.

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

On behalf of the Directors:

Nicholas Dower

Chairman, Non-executive Director

Dated: 17 October 2019

RSM Australia Partners

Level 13, 60 Castlereagh Street Sydney NSW 2000
GPO Box 5138 Sydney NSW 2001

T +61 (0) 2 8226 4500
F +61 (0) 2 8226 4501

www.rsm.com.au

INDEPENDENT AUDITOR'S REPORT
To the Members of Oliver's Real Food Limited

Opinion

We have audited the financial report of Oliver's Real Food Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2019, 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, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the accompanying financial report of the Group is in accordance with the Corporations Act 2001, including:

i) giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the year then ended; and
ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial report, which indicates that the Company incurred a net loss of $15,661,501 during the year ended 30 June 2019 and, as of that date, the Company's current liabilities exceeded its current assets by $3,835,576. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

RSM

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<table>
<tr><th>Key Audit Matter</th><th>How our audit addressed this matter</th></tr>
<tr><td colspan="2">Impairment of goodwill and intangible assets
Refer to Note 14 in the financial statements</td></tr>
<tr><td>The Group has goodwill of $2.1m as a result of its various acquisitions. Goodwill is not amortised, and is subject to an annual impairment test, which is based on a discounted cash flow model.
The Group's assessment of impairment of goodwill and intangible assets is considered to be a key audit matter as a result of the significant judgment involved in performing the impairment test. These included:
• the identification of the group's cash generating units ("CGUs"), and the allocation of goodwill between them;
• estimates concerning the forecast future cash flows associated with the CGUs to which the goodwill is allocated; and
• determining the appropriate discount rates and the growth rate of revenue and costs to be applied in determining the recoverable amount for each CGU.</td><td>Our audit procedures in relation to management's impairment assessment included:
• assessing management's identification of CGUs, and its allocation of the goodwill between them, based on the nature of the Group's business and the manner in which results are monitored and reported;
• assessing the valuation methodology used, and the mechanics of the impairment model prepared by management;
• challenging the key assumptions used by management in the impairment models including the cash flow projections for revenue and expenses, and growth rates, our understanding of the business; and
• we have also assessed the adequacy of the disclosures included within the financial statements for impairment testing, including the assumptions to which the outcome of the impairment test is most sensitive, being those that have the most significant effect on the determination of the recoverable amount of goodwill.</td></tr>
</table>

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2019, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors 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 preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar2.pdf. This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 11 to 21 of the directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of Oliver's Real Food Limited, for the year ended 30 June 2019, complies with section 300A of the Corporations Act 2001.

Responsibilities

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.

D Talbot

David Talbot
Partner

RSM Australia Partners
Sydney 17 October 2019

ADDITIONAL SHAREHOLDER INFORMATION

Additional information required by the Australian Securities Exchange (ASX) and not shown elsewhere in this report is as follows. The information is current at 11 October 2019.

Substantial Shareholders as advised to the ASX

Name	Number of Shares	Current Interest %
Hauraki Trustee Company Limited	33,387,500	13.316%
Butof Holdings Pty Ltd	23,544,318	9.390%
Mr Michael John Gregg &	17,100,000	6.820%

Distribution of Shareholders

There are 2,102 holders of 213,960,081 ordinary shares. There are no other classes of equity securities on issue.

Holdings Ranges	Holders	Total Units	%
1–1,000	30	7,330	0.000%
1,001–5,000	364	1,210,652	0.480%
5,001–10,000	259	2,015,619	0.800%
10,001–100,000	1,268	42,556,987	16.980%
100,001–9,999,999,999	293	204,824,329	81.730%
Totals	**2,214**	**250,614,917**	**100.00%**

There are 342 shareholders (919,123 shares) holding less than a marketable parcel (11.5c).

Top Twenty Shareholders

Name	Number of Shares	Current Interest %
Hauraki Trust Company Limited	33,387,500	13.316%
Butof Holdings Pty Ltd	23,544,318	9.390%
Mr Michael John Gregg &	17,100,000	6.820%
Gelba Pty Limited	12,342,842	4.923%
Custodial Service Limited <Beneficiaries Holding A/C>	5,420,155	2.162%
Washington H Soul Pattinson and Company Limited	4,545,455	1.813%
Mr jason Anthony Gunn	3,148,862	1.256%
Mr Peter Michael Davies	3,000,000	1.196%
Taonga Nui Holdings NZ Limited	2,500,000	0.997%
MSI 888 Pty Ltd <MSI 888 A/C>	2,335,403	0.931%
Ms Anne Louise Matthews	1,985,000	0.792%
Mrs Pamela Elizabeth Brown	1,750,000	0.698%
Mr Bert Van Netten	1,728,269	0.689%
Mr Mark Kelly & Ms Terese Annette Kelly <Kel's Super Duper S/F A/C>	1,582,065	0.631%
Rotstein Family Super Fund Pty Ltd < Rotstein Family Super A/C>	1,560,000	0.622%
Jaharo Pty Ltd <Frost Power Super A/C>	1,500,000	0.598%
Patagorang Pty Ltd <Roger Allen Super Fund A/C>	1,458,333	0.582%
Marko Polo Pty Ltd <Himalayan A/C>	1,438,889	0.574%
Boucaut Enterprises Pty Ltd	1,249,998	0.499%
Mr Terry O'Sullivan	1,200,000	0.479%
Total Securities of Top 20 Holdings	122,777,089	48.976%
Total of Securities	**250,731,917**	

On-Market Buy Back

There is no current on-market buy back.

Voting Rights

The voting rights attached to ordinary shares are set out below:

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

There are no other classes of equity securities.

Unquoted equity securities

Oliver's has 7,142,000 unquoted options on issue to 49 holders. All of these options were issued pursuant to the Oliver's Equity Incentive Plan except for those listed below.

Option Holder	Number of Options
Veritas Securities Limited	2,000,000

Use of Cash and Assets

Oliver's has used the cash and assets in a form readily convertible to cash at the time of admission to the ASX in a way consistent with its business objectives as stated in its Prospectus.

Stock Exchange Listing

Oliver's securities are only listed on the ASX.

Corporate Governance Statement

The Board plays a key role in overseeing the policies, performance and strategies of Oliver's Real Food Limited and its subsidiaries (**Oliver's** or the **Group** or the **Company**). It is accountable to Oliver's Shareholders as a whole and must act in the best interests of Oliver's. The Board monitors the operational and financial position and performance of the Company and oversees its business strategy, including approving the strategic objectives, plans and budgets of Oliver's. The Board is committed to maximising performance, generating appropriate levels of Shareholder value and financial return, and sustaining the growth and success of Oliver's. In conducting Oliver's business in line with these objectives, the Board seeks to ensure that Oliver's is properly managed to protect and enhance Shareholder interests and that Oliver's, its Directors, officers and personnel operate in an appropriate environment of corporate governance.

The Board has created a framework for managing Oliver's, including adopting relevant internal controls, risk management processes and corporate governance policies and practices, which it believes are appropriate for Oliver's business, and which are designed to promote the responsible management and conduct of Oliver's. The Board sets the cultural and ethical tone.

The main policies and practices adopted by Oliver's are summarised in this Corporate Governance Statement (**Statement**).

Each of the charters and policies referred to in this Statement are available on Oliver's website at http://www.investor.oliversrealfood.com.au/.

Oliver's was admitted to the Official List of ASX Limited on 21 June 2017 and this Statement details the corporate governance policies practices in place on listing and any developments since that time.

This Statement reports against the 3rd edition of the ASX Corporate Governance Council's Principles and Recommendations (**ASX Principles**) and the practices detailed in this Corporate Governance Statement are current as at 15 September 2017. It has been approved by the Board and is available on Oliver's website at http://www.investor.oliversrealfood.com.au/.

CORPORATE DIRECTORY

DIRECTORS	**Mr Nick Dower** Chairman and Independent Non-Executive Director **Mrs Amanda Gunn** Executive Director **Mr Steven Metter** Independent Non-executive Director, Company Sect **Mr Jason Gunn** Executive Director, CEO
COMPANY SECRETARY	**Mr Steven Metter**
REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS	10 Amsterdam Circuit Wyong NSW 2259 Australia (02) 4353 8055 www.investor.oliversrealfood.com.au
SHARE REGISTRY	**Boardroom Pty Limited** Level 12, 275 George Street, Sydney NSW 2000 1300 737 760 (in Australia) www.boardroomlimited.com.au
SOLICITORS	**Breene and Breene** Level 12, 111 Elizabeth Street, Sydney NSW 2000 **Norton Rose Fulbright** Level 18, 225 George Street, Sydney NSW 2000
AUDITORS	**RSM Australia Partners** Level 13, 60 Castlereagh Street, Sydney NSW 2000
BANKERS	**Commonwealth Bank of Australia** Level 19, 111 Pacific Highway, North Sydney NSW 2060 **National Australia Bank** Level 13, Tower B, 799 Pacific Highway, Chatswood NSW 2067
STOCK EXCHANGE LISTING CODE	Oliver's Real Food Limited (ASX: OLI)
WEBSITE	www.oliversrealfood.com.au www.investor.oliversrealfood.com.au

fresh.
natural.
organic.