

## Appendix 4E

### Preliminary final report

#### Part 1

<b>Name of entity</b>	Frankland River Olive Company Limited
<b>ABN</b>	29 089 521 997
<b>Financial Year Ended</b>	30 June 2010
<b>Previous Corresponding Reporting Period</b>	30 June 2009

#### Part 2 - Results for announcement to the market

	\$'000	Percentage increase/(decrease) over previous corresponding period
<b>Revenues from ordinary activities</b>	4,641	19.04%
<b>Loss from ordinary activities after tax</b>	(1,093)	(76.82%)
<b>Net loss attributable to members</b>	(1,093)	(76.82%)

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

#### Commentary on Results

The Company's operating loss was reduced 77% from last year, as a result of increased sales and lower costs. This included a one off repair of \$200,000 to the bore at Parmelia. The result before interest and depreciation was a \$68,997 profit.

Employee costs were down another 5% after last years 22% reduction as the Company continued its review of operations and implemented better efficiencies. Farm and processing costs were reduced principally as a result of bulk handling during harvest (less wages, fuel and hire) and that the Wickham property is no longer leased and operated. More efficient application of fertilisers through the purchase of bulk dry fertilisers rather than liquid has also helped reduce costs.

Further reduction in farm and processing costs will be achieved however savings will be less than the percentages achieved over the last few years.

For personal use only

**Commentary on Results (continued)**

**2010 Revenues**

The Company recorded its best sales results during the 2010 financial year with large increases in domestic sales. Export sales were less than in prior years, mainly as a result of the stronger Australian dollars making the Company's exports less competitive. The Company expects further increases in sales revenue for the 2011 year as further increases in the number of stores ranging product as well as an increase in the number of inventory lines or SKU (Stock Keeping Units).

**Reduction in Interest Expenses**

Interest Costs were reduced 19% during the year as further reductions were made in the Company's bill facility and leasing commitments as well as reduced interest rates after the increase in bill facility fees.

**Tax Expense**

For the financial year ended 30 June 2010, the company recognised an income tax benefit of \$119,774 is made up of R&D rebate received of \$261,156 and origination and reversal of temporary differences of (\$141,382).

For personal use only

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

**PRELIMINARY CONSOLIDATED STATEMENT OF STATEMENT OF  
COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2010**

<b>Part 3</b>	<b>Notes</b>	<b>2010</b>	<b>2009</b>
		\$	\$
Revenues from ordinary activities		4,640,762	3,898,369
Other income		132,980	150,792
		<u>4,773,742</u>	<u>4,049,161</u>
Cost of goods sold including inventory movement		(1,263,504)	(1,227,324)
Borrowing costs expense		(556,912)	(685,219)
Depreciation and amortisation expense		(605,120)	(727,716)
Impairment of third party receivables		80,883	(85,737)
Employee benefits expense		(1,737,824)	(1,825,558)
Logistics and distribution costs		(304,100)	(387,914)
Farm and processing costs		(1,016,705)	(1,967,886)
Marketing and promotion costs		(161,676)	(259,474)
Inventory written off		-	-
Administration costs		(416,566)	(758,526)
Assets written off		(4,937)	(66,756)
Impairment of assets		-	(100)
(Loss) before income tax expense		<u>(1,212,809)</u>	<u>(3,943,049)</u>
Income tax (expense) / benefit		119,774	(808,337)
Net (loss) attributable to the members of the parent		<u>(1,093,035)</u>	<u>(4,715,386)</u>
<b>Other comprehensive income</b>			
Income tax on other comprehensive income		-	-
<b>Total other comprehensive income</b>		<u>-</u>	<u>-</u>
<b>Total comprehensive loss attributable to the members of the parent</b>		<u>(1,093,035)</u>	<u>(4,715,386)</u>
<b>Basic and diluted (loss) per share (cents)</b>		<u>(0.60)</u>	<u>(3.80)</u>

For personal use only

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

**PRELIMINARY CONSOLIDATED BALANCE SHEET  
AS AT 30 JUNE 2010**

<b>Part 4</b>	<b>2010</b>	<b>2009</b>
	\$	\$
<b>Current Assets</b>		
Cash and cash equivalents	11,548	550
Trade and other receivables	595,720	753,575
Inventories	1,547,344	1,582,399
Other	69,048	77,757
<b>Total Current Assets</b>	<u>2,223,660</u>	<u>2,414,281</u>
<b>Non-current Assets</b>		
Property, plant and equipment	11,057,397	11,611,591
Olive trees	15,824,692	15,824,692
Deferred tax assets	1,015,292	1,156,657
<b>Total Non-current Assets</b>	<u>27,897,381</u>	<u>28,592,940</u>
<b>TOTAL ASSETS</b>	<u>30,121,041</u>	<u>31,007,221</u>
<b>Current Liabilities</b>		
Bank overdraft	-	24,095
Trade and other payables	1,540,467	1,690,701
Borrowings	2,375,704	1,367,344
Provisions	63,200	52,348
<b>Total Current Liabilities</b>	<u>3,979,371</u>	<u>3,110,393</u>
<b>Non-current Liabilities</b>		
Borrowings	4,162,157	4,811,237
Provisions	48,481	37,430
<b>Total Non-current Liabilities</b>	<u>4,210,638</u>	<u>4,848,667</u>
<b>TOTAL LIABILITIES</b>	<u>8,190,009</u>	<u>7,959,060</u>
<b>NET ASSETS</b>	<u>21,931,031</u>	<u>23,048,161</u>
<b>EQUITY</b>		
Issued capital	41,153,435	41,153,435
Accumulated losses	(19,222,404)	(18,129,369)
<b>TOTAL EQUITY</b>	<u>21,931,031</u>	<u>23,024,066</u>

For personal use only

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

**PRELIMIANRY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2010**

<b>Part 4</b>	<b>Issued capital</b>	<b>Accumulated losses</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Balance at 1 July 2008</b>	37,116,971	(13,377,983)	23,738,988
<b>Total comprehensive income:</b>			
Loss of the year	-	(4,752,386)	(4,751,386)
Other comprehensive income	-	-	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>(4,751,386)</b>	<b>(4,751,386)</b>
<b>Transaction with owners recorded directly into equity:</b>			
Issue of share capital	4,056,474	-	4,056,474
Costs of issue	(20,010)	-	(20,010)
<b>Total transactions with owners</b>	<b>4,034,464</b>	<b>-</b>	<b>4,036,464</b>
<b>Balance at 30 June 2009</b>	<b>41,153,435</b>	<b>(18,129,369)</b>	<b>23,024,066</b>
<b>Balance at 1 July 2009</b>	41,153,435	(18,129,369)	23,024,066
<b>Total comprehensive income:</b>			
Loss of the year	-	(1,093,035)	(1,093,035)
Other comprehensive income	-	-	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>(1,093,035)</b>	<b>(1,093,035)</b>
<b>Transaction with owners recorded directly into equity:</b>			
Issue of share capital	-	-	-
Costs of issue	-	-	-
<b>Total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Balance at 30 June 2010</b>	<b>41,153,435</b>	<b>(19,222,404)</b>	<b>21,931,031</b>

For personal use only

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

**PRELIMIANRY CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2010**

<b>Part 5</b>	<b>2010</b>	<b>2009</b>
	<b>\$</b>	<b>\$</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	4,851,282	3,851,713
Payments to suppliers & employees	(4,921,206)	(6,614,345)
Grant received	87,419	44,426
Interest received	29	1,063
Finance costs paid	(433,221)	(610,696)
ATO R&D rebate received	261,139	143,670
<b>Net cash flows used in operating activities</b>	<b>(154,558)</b>	<b>(3,184,169)</b>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of property and equipment	15,414	36,756
Payments for property, plant & equipment	(71,277)	(174,356)
<b>Net cash flows provided by / (used in) investing activities</b>	<b>(55,863)</b>	<b>(137,600)</b>
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Cash proceeds from issue of shares	-	1,170,639
Repayment of borrowings	(1,084,486)	(1,311,951)
Proceeds from borrowings	1,330,000	2,845,252
<b>Net cash flows from financing activities</b>	<b>245,514</b>	<b>4,323,332</b>
 Net increase in cash and cash equivalents	 <b>35,093</b>	 <b>(77,829)</b>
Cash and cash equivalents at the beginning of the year	(23,545)	54,284
<b>Cash and cash equivalents at the end of the year</b>	<b>11,548</b>	<b>(23,545)</b>
 <b>Reconciliation of cash and cash equivalents</b>		
Cash balance comprises:		
– cash at bank	11,548	550
– bank overdrafts	-	(24,095)
<b>Total cash and cash equivalents</b>	<b>11,548</b>	<b>(23,545)</b>

**Explanations for variances within Consolidated Cash Flow Statement**

The significant items in the Consolidated Cash Flow Statement for the current financial year are reflected by the repayment of \$780,000 of the Company's bank bill facility.

## Part 6 – Details of Dividends

*Amount per security*

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

*Total dividends on all securities for the year*

	Current Year	Previous Year
Ordinary securities	Nil	Nil

## Part 7 – Dividend Reinvestment Plan

The Company does not operate a dividend reinvestment plan.

## Part 8 – Accumulated Losses

	\$
Balance at 1 July 2009	(18,129,369)
Loss for the 12 months to 30 June 2010	(1,093,035)
Balance at 30 June 2009	<u>(19,222,404)</u>

## Part 9 - Net Tangible Assets per security

	2010	2009
Net tangible assets	<b>\$20,915,739</b>	\$21,891,504
Ordinary shares on issue at balance date	<b>183,082,645</b>	183,082,645
Net tangible asset backing per ordinary security	<u><b>\$0.11</b></u>	<u>\$0.12</u>

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

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

For personal use only

**Part 11 – Details of Associates or Joint Ventures**

Name of entity	Ownership Interest		Contribution to net (loss)	
	2009	2008	2009	2008
Associate	N/A	N/A	N/A	N/A
Joint Ventures	N/A	N/A	N/A	N/A

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

***REVIEW AND RESULTS OF OPERATIONS***

**Corporate**

During the 2010 financial year, there were no changes in the corporate structure of the Company. During the year a further \$780,000 was reduced from the Company’s debt facility with the National Bank, however the Company borrowed \$700,000 from its major shareholders. The Company continues to review its corporate strategies with the view to further reduce its debt as it moves to profitability.

**Operations**

**2010 Harvest**

The harvest this year was approximately 545,000 litres down from last year’s record production, reflecting the biennial bearing nature of olive trees. It is anticipated that next year the production will increase as the olive trees will have an on year and continue to mature.

**Marketing & Distribution**

The year saw the further expansion of the marketing and distribution of the Company’s Jingilli brand of Extra Virgin Olive Oil (EVOO), with Jingilli now being one of the top 4 selling brands of Australian EVOO.

During the year the Company continued to market and sell EVOO on behalf of other Australian EVOO producers.

**New Products**

During the year the Company added to its range, a new Jingilli 2 litre cask of Olive Enriched Canola Oil which has been ranged into Coles’ Western Australian stores. Also a 3 litre tin branded as Bellup Grove was successfully ranged into Franklins 80 stores in New South Wales.

**Part 13 – Foreign Entities**

Not Applicable

For personal use only



**Part 14 – Commentary on Results for the Period**

**Earnings per share**

	<b>2010</b>	<b>2008</b>
Basic loss per ordinary share (cents)	<u>(0.60)</u>	<u>(3.80)</u>
Weighted average number of shares used in the calculation of basic earnings per share	<b>183,082,645</b>	183,082,645

**Significant features of operating performance**

*Result from Ordinary Activities*

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

	<b>2010</b>	<b>2009</b>
	\$	\$
<b>3a. REVENUE FROM ORDINARY ACTIVITIES</b>		
Revenue from sale of olive products	<b>4,547,829</b>	3,791,442
Revenue from trading and contracting services	<b>53,184</b>	107,349
Revenue from administration services	<b>39,749</b>	(422)
Total revenue	<u><b>4,640,762</b></u>	<u>3,898,369</u>
<b>3b. OTHER INCOME</b>		
Interest income	<b>29</b>	1,063
Grants received	<b>87,419</b>	44,426
Income from debt forgiven	<b>31,224</b>	13,312
Other	<b>14,218</b>	91,991
Total other income	<u><b>132,890</b></u>	<u>150,792</u>
<b>TOTAL</b>	<u><b>4,773,652</b></u>	<u>4,049,161</u>
<b>4. EXPENSES AND LOSSES</b>		
Depreciation of non-current assets	<u><b>605,120</b></u>	<u>727,716</u>
Borrowing costs expensed		
Interest expense		
Bills of exchange	<b>198,013</b>	287,054
Finance lease	<b>62,172</b>	104,555
Related party loan	<b>123,691</b>	76,744
Other interest	<b>7,185</b>	83,062
	<u><b>391,061</b></u>	<u>551,415</u>
Bank charges and facility fees	<b>47,557</b>	136,024
Other borrowing costs	<b>18,294</b>	(2,220)
<b>TOTAL BORROWING COSTS EXPENSED</b>	<u><b>556,912</b></u>	<u>685,219</u>

For personal use only

**Segment Information**

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

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

**Trends in Performance**

With the continued increases experienced in olive yields, and the expansion of current and new markets with new and existing products, the Company's revenues from sale of olive products will continue to grow over the coming financial years.

**Part 15 – Audit Status**

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

- |                                     |  |                          |  |
|-------------------------------------|--|--------------------------|--|
| <input type="checkbox"/>            | The accounts have been audited.  | <input type="checkbox"/> | The accounts have been subject to review.                  |
| <input checked="" type="checkbox"/> | The accounts are in the process of being audited or subject to review. | <input type="checkbox"/> | The accounts have <i>not</i> yet been audited or reviewed. |

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

Not Applicable

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

Not Applicable

Sign here



Date: 31 August 2010

Managing Director

Print name: David Carr

For personal use only