



THE **FOOD**  
REVOLUTION  
GROUP

ACN 150 015 446

## Appendix 4E

# Preliminary Final Report

For the year ended 30 June 2017

This Preliminary Final Report is provided to the ASX under ASX Listing Rule 4.3A

## Appendix 4E

### Preliminary Final Report

Current reporting period

1 July 2016 to 30 June 2017

Previous corresponding reporting period (PCP)

1 July 2015 to 30 June 2016

### Results for announcement to the market

	<b>2017</b>	<b>2016</b>	<b>Change</b>	<b>Change</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$</b>	<b>%</b>
Gross sales	35,877	20,848	15,029	72%
Revenue from ordinary activities*	31,662	19,736	11,926	60%
Profit (Loss) from ordinary activities after tax attributable to members	1,894	(5,121)	7,015	137%
<b>Total comprehensive profit (loss) for the year attributable to members</b>	<b>1,954</b>	<b>(6,210)</b>	<b>8,164</b>	<b>131%</b>

\* after rebates and trading terms

### Dividend information

No dividends are proposed and no dividends were declared or paid during the current or prior year.

### Net tangible asset (NTA) backing information

	<b>2017</b>	<b>2016</b>
	<b>Cents</b>	<b>Cents</b>
NTA backing per ordinary share (cents per share)	0.46	0.26

### Details of entities over which control has been gained or lost

On 8 August 2016, the company disposed of its 100% interest in Roxdale Foods Limited. Roxdale Foods Limited contributed \$17,764 profit to the Group's consolidated profit during the period.

### Details of associated and joint venture entities

	<b>2017</b>	<b>2016</b>
Name of associated and joint venture entities	<b>%</b>	<b>%</b>
Australia's Garden (HK) Limited	100	100
Shandong Lang Tech Food Technology Co Limited	10	10

*Group's aggregated share of associated and joint venture entities' profit/(loss) (when material)*

Not material

## Status of audit

This preliminary final report is based on accounts that are in the process of being audited and there are no areas of likely dispute or audit qualification.

## Commentary on results

The Food Revolution Group Limited (ASX: FOD) is an Australian-based food processing company that uses a combination of conventional juice processing equipment and custom developed equipment and processes to manufacture a range of high-quality juices, fibres, infused fruits, fruit waters that are sold as branded products or ingredients to customers domestically and overseas.

Its processing facilities are located in Mill Park, Victoria.

## Revenue

Gross sales for the group were \$35,876,782 and net revenues after trading terms, volume rebates and other claims (**trading terms**) were \$31,661,503. Trading terms generally apply in respect of sales of product into the grocery channel. The group commenced selling directly into the grocery channel from February 2016.

Total Sales growth of 72% has been achieved by growth in each of the company's categories and predominantly by growth of branded product sales into the Australian grocery channel.

A breakdown is as follows:

Gross Sales	2017	2016	% Change
	\$	\$	
Branded	16,900,498	5,300,051	219%
Copacking	17,482,192	14,593,935	20%
Ingredients	1,113,870	848,827	31%
Other	380,222	105,280	261%
	<b>35,876,782</b>	<b>20,848,092</b>	<b>72%</b>

## Gross Profit

The gross profit margin for the year was 48.0% compared to the prior year of 42.6%.

FOD has four main categories of direct cost comprising fresh fruit, raw materials, direct labour, packaging, and trading terms/ similar marketing costs. A key focus for the business is the improvement of gross margins through active management of these costs.

Gross margins have been positively impacted by the launch of several branded product sales and change in product mix (as sales of branded products into the grocery channel have increased), and negatively impacted by the group's ingredients and increase in cost of oranges due to shortage in supply in the fourth quarter.

## Overhead Costs

FOD has four main cost areas: employment, administrative, operating costs (including utilities, freight costs, pallet/ bin hire, repairs & maintenance, and consumables costs) and marketing expenses. As is the case for direct cost, a key focus for the business is the improvement of profitability through active management of these areas of cost. Overhead as % to Net Revenue improved to 42.7% compared to 62.8% of Sales in FY2016. The results for this year are shown in the below table.

## The Food Revolution Group Limited

	2017	2016
	\$	\$
Employment costs	4,738,255	4,616,274
Administrative costs	3,573,298	2,651,738
Operating costs	4,297,368	4,249,826
Marketing costs	912,347	881,685
<b>Total</b>	<b>13,521,268</b>	<b>12,399,523</b>

% Net Revenue	42.7%	62.8%
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FOD continues to actively manage its overhead to right size its cost base for near term and medium term growth opportunities.

	2017	2016
	\$	\$
Statutory profit after tax	1,994,013	(6,214,230)
Income tax benefit	(652,591)	-
Depreciation, amortisation and write-offs	2,045,067	1,515,650
Finance costs	615,932	1,517,798
<b>EBITDA</b>	<b>4,002,421</b>	<b>(3,180,782)</b>

	2017
	\$
EBITDA	4,002,421
Add back:	
Employee redundancy expense for LangTech Citrus (LTC) staff	155,673
Transaction costs relates to sale of assets and Healthy Warrior	1,200,886
Loss from discontinued operations	1,825,074
Sub-total	<b>3,181,633</b>
Less:	
Gain on sale of LTC business assets	(1,672,550)
Gain on sale of Roxdale	(252,919)
<b>EBITDA from continuing operations*</b>	<b>5,258,585</b>

\* EBITDA includes research and development tax claim amounting to \$1,828,719.

**Cash flow**

Cash balances at year end decreased to \$1,042,894, from prior year balance of \$2,301,232.

**Debt**

Debt has been reduced by \$1,559,078 during the year. This has been paid down out of operating cash flows.

## The Food Revolution Group Limited

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2017

	Note	Consolidated Group 2017 \$	2016 \$
<b>Revenue</b>	3	<b>31,661,503</b>	<b>19,736,469</b>
Cost of sales		(16,469,764)	(11,338,089)
<b>Gross profit</b>		<b>15,191,739</b>	<b>8,398,380</b>
Other income	3	2,517,577	4,655,456
Employment costs		(4,738,255)	(4,616,274)
Administration expenses		(3,573,298)	(2,651,738)
Marketing costs		(912,347)	(881,685)
Operating costs		(4,297,368)	(4,249,826)
Depreciation, amortisation and write-offs		(2,045,067)	(1,515,650)
Finance costs	4	(615,812)	(1,517,798)
Relocation costs		-	(278,163)
RTO related transaction costs	4	(74,142)	(560,347)
Share based payments expense		-	(1,026,252)
Impairment of goodwill		-	(876,736)
Impairment on financial assets		(212,000)	-
<b>Profit/(Loss) before income tax</b>		<b>1,241,027</b>	<b>(5,120,633)</b>
Income tax benefit	13	652,591	-
<b>Profit/(Loss) from continuing operations</b>		<b>1,893,618</b>	<b>(5,120,633)</b>
Profit/(Loss) from discontinued operations		100,395	(1,093,597)
<b>Profit/(Loss) for the year</b>		<b>1,994,013</b>	<b>(6,214,230)</b>
<b>Other comprehensive income</b>			
<b>Items that will be reclassified subsequently to profit or loss when specific conditions are met:</b>			
Exchange differences on translating foreign operations, net of tax		11,161	4,414
Transfer to profit or loss upon disposal		(50,714)	-
<b>Other comprehensive income/(loss) for the year</b>		<b>(39,553)</b>	<b>4,414</b>
<b>Total comprehensive income/(loss) for the year</b>		<b>1,954,460</b>	<b>(6,209,816)</b>
<b>Basic and diluted earnings per share(cents)</b>			
- continuing operations		0.50	(4.21)
- discontinued operations		0.02	(0.90)
- continuing and discontinued operations		0.52	(5.11)

The accompanying notes form part of these financial statements.

# The Food Revolution Group Limited

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017

	Note	2017 \$	2016 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		1,042,894	2,301,232
Trade and other receivables	5	8,059,362	4,377,113
Inventories	6	2,484,325	2,583,626
Other assets		64,550	69,051
Assets held for sale		-	822,479
<b>TOTAL CURRENT ASSETS</b>		<u>11,651,131</u>	<u>10,153,501</u>
<b>NON-CURRENT ASSETS</b>			
Plant and equipment	7	7,898,306	9,341,405
Intangible assets	8	8,219,271	7,870,519
Deferred tax assets		652,591	-
Other assets		107,615	176,101
<b>TOTAL NON-CURRENT ASSETS</b>		<u>16,877,782</u>	<u>17,388,025</u>
<b>TOTAL ASSETS</b>		<u>28,528,914</u>	<u>27,541,526</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	9	6,771,139	6,187,766
Provisions	10	500,111	376,209
Borrowings	11	3,056,918	3,000,000
Deferred consideration liability	12	600,000	2,495,237
Liabilities held for sale		-	129,957
<b>TOTAL CURRENT LIABILITIES</b>		<u>10,928,168</u>	<u>12,189,169</u>
<b>NON-CURRENT LIABILITIES</b>			
Provisions	10	108,253	93,565
Deferred consideration liability	12	6,879,241	6,600,000
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>6,987,494</u>	<u>6,693,565</u>
<b>TOTAL LIABILITIES</b>		<u>17,915,662</u>	<u>18,882,734</u>
<b>NET ASSETS</b>		<u>10,613,252</u>	<u>8,658,792</u>
<b>EQUITY</b>			
Issued capital		31,938,197	31,938,197
Foreign currency translation reserve	14	-	39,553
Options reserve	14	526,252	526,252
Revaluation surplus	15	1,095,570	1,095,570
Accumulated losses		<u>(22,946,767)</u>	<u>(24,940,780)</u>
<b>TOTAL EQUITY</b>		<u>10,613,252</u>	<u>8,658,792</u>

The accompanying notes form part of these financial statements.

## The Food Revolution Group Limited

### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2017

	Issued Capital (Ordinary Shares)	Accumulated Losses	Revaluation Surplus	Foreign Currency Translation	Options Reserve	Total
	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2015</b>	11,040,000	(18,737,673)	1,095,570	46,262	-	(6,555,841)
<b>Comprehensive income</b>						
Loss for the year	-	(6,214,230)	-	-	-	(6,214,230)
Other comprehensive income for the year	-	-	-	4,414	-	4,414
<b>Total comprehensive income for the year</b>	-	(6,214,230)	-	4,414	-	(6,209,816)
<b>Transactions with owners, in their capacity as owners, and other transfers</b>						
Issue of shares (net of transactions costs)	20,398,197	-	-	-	-	20,398,197
Share-based payment expense	500,000	-	-	-	-	500,000
Transfers from retained earnings to foreign currency translation reserve	-	11,123	-	(11,123)	-	-
Option reserve	-	-	-	-	526,252	526,252
<b>Total transactions with owners, and other transfers</b>	20,898,197	11,123	-	(11,123)	526,252	21,424,449
<b>Balance at 30 June 2016</b>	31,938,197	(24,940,780)	1,095,570	39,553	526,252	8,658,792
<b>Balance at 1 July 2016</b>	31,938,197	(24,940,780)	1,095,570	39,553	526,252	8,658,792
<b>Comprehensive income</b>						
Profit for the year	-	1,994,013	-	-	-	1,994,013
Other comprehensive income for the year	-	-	-	(39,553)	-	(39,553)
<b>Total comprehensive income for the year</b>	-	1,994,013	-	(39,553)	-	1,954,460
<b>Total transactions with owners, and other transfers</b>	-	-	-	-	-	-
<b>Balance at 30 June 2017</b>	<b>31,938,197</b>	<b>(22,946,767)</b>	<b>1,095,570</b>	<b>-</b>	<b>526,252</b>	<b>10,613,252</b>

The accompanying notes form part of these financial statements.



## The Food Revolution Group Limited

### CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2017

	Note	Consolidated Group 2017 \$	2016 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		29,394,501	17,728,431
Payments to suppliers and employees		(30,201,529)	(25,445,692)
Interest received		21,760	24,020
Finance costs		(615,932)	(1,423,291)
Net of R&D refund / government grants received and income tax paid		1,828,719	4,405,592
Net cash (used in) provided by operating activities	16	427,519	(4,710,940)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payment for intangibles		(578,113)	(192,662)
Payment for plant and equipment		(597,556)	(1,207,924)
Receipts from disposal of Roxdale		1,048,890	-
Net cash (used in) investing activities		(126,779)	(1,400,586)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of shares, net of transaction costs		-	11,337,221
Proceeds from borrowings		7,740,922	3,000,000
Repayment of borrowings		(9,300,000)	(8,158,112)
Receipt of escrow deposits		-	1,250,000
Net cash (used in) provided by financing activities		(1,559,078)	7,429,109
Net (decrease) increase in cash held		(1,258,338)	1,317,583
Cash and cash equivalents at beginning of financial year		2,301,232	983,649
Cash and cash equivalents at end of financial year		1,042,894	2,301,232

The accompanying notes form part of these financial statements.

## The Food Revolution Group Limited

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

#### NOTE 1: REPORTING ENTITY

These consolidated financial statements and notes represent those of The Food Revolution Group Limited and Controlled Entities (the “consolidated group” or “group”). The separate financial statements of the parent entity, The Food Revolution Group Limited, have not been presented within this financial report as permitted by the Corporations Act 2001.

#### NOTE 2: STATEMENT OF COMPLIANCE

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 and International Financial Reporting Standards as issued by the International Accounting Standards Board. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

#### Basis of preparation

Except for cash flow information, the financial statements have been prepared on an accruals 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.

#### Going concern

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

The directors believe that the group will be able to pay its debts as and when they become due and payable. In reaching this conclusion the directors have had regard to the group having available cash reserves to meet expected operating, investing and financing costs in the next twelve months based on internal financial modelling.

Specifically, the directors note that:

- The group expects to continue to generate positive cash flow as a result of both sales of existing and innovative new products and in a greater number of distribution outlets.
- There were a number of one-offs, non-recurring costs during FY17 (amounting to \$1,892,178) which will not recur going forward. These were as follows:

	\$
Transaction costs relates to sale of assets and Healthy Warrior	1,200,886
Employee redundancy expense for LangTech Citrus (LTC) staff	155,673
Gain on sale of LTC business assets	(1,672,550)
Gain on sale of Roxdale	(252,919)
Plant and equipment write-off	636,014
Loss from discontinued operations	1,825,074
	<u>1,892,178</u>

- That the group’s plant and equipment are significantly undervalued. It intends to have a current market valuation done on a going concern basis in order to undertake an asset revaluation.

#### Significant accounting policies

Significant accounting policies will be disclosed in the group’s annual financial report for the year ended 30 June 2017.

#### Segment reporting

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 determining the allocation of resources. The Directors have considered the requirements of AASB 8 – Operating Segments, and have concluded that at this time there are no separately identifiable reportable segments.

## The Food Revolution Group Limited

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

#### NOTE 3: REVENUE AND OTHER INCOME

	<b>Consolidated Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>a. Revenue</b>		
Gross sales	35,876,782	20,848,092
Less: volume rebates and trading terms	(4,215,279)	(1,111,623)
<b>Revenue</b>	<b>31,661,503</b>	<b>19,736,469</b>
<b>b. Other income</b>		
Research and development funding	1,828,719	3,605,556
Rent income	649,475	-
Insurance proceeds	-	1,025,880
Interest income	21,760	24,020
Sundry income	17,623	-
<b>Total other income</b>	<b>2,517,577</b>	<b>4,655,456</b>

#### NOTE 4: EXPENSES

##### a. RTO related transaction costs

Transaction costs in FY17 comprised listing and advisory fees relating to the Reverse Takeover.

##### b. Finance costs

Interest expenses	375,087	1,039,847
Fees incurred on GIM loan	237,329	455,000
Other finance charges	3,396	22,951
<b>Total finance costs</b>	<b>615,812</b>	<b>1,517,798</b>

## The Food Revolution Group Limited

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

#### NOTE 5: TRADE AND OTHER RECEIVABLES

	<b>Consolidated Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
CURRENT		
Trade receivables	6,942,841	4,191,191
Other receivables	1,116,521	185,922
<b>TOTAL TRADE AND OTHER RECEIVABLES</b>	<b>8,059,362</b>	<b>4,377,113</b>

#### NOTE 6: INVENTORIES

	<b>Consolidated Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
CURRENT		
Work in progress	870,725	1,379,414
Raw materials	1,243,561	299,163
Finished goods	370,039	905,049
<b>TOTAL INVENTORIES</b>	<b>2,484,325</b>	<b>2,583,626</b>

#### NOTE 7: PLANT AND EQUIPMENT

	<b>Consolidated Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Plant and equipment – at cost	14,224,303	14,221,169
Less: accumulated depreciation	(6,388,472)	(4,968,180)
	<b>7,835,831</b>	<b>9,252,989</b>
Office equipment – at cost	163,809	99,521
Less: accumulated depreciation	(101,334)	(11,105)
	<b>62,475</b>	<b>88,416</b>
<b>TOTAL PLANT AND EQUIPMENT</b>	<b>7,898,306</b>	<b>9,341,405</b>

## The Food Revolution Group Limited

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

#### NOTE 8: INTANGIBLE ASSETS

	<b>Consolidated Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Intellectual property – at cost	222,339	345,698
Less: amortisation	(144,460)	(235,799)
	<u>77,879</u>	<u>109,899</u>
Product development costs – at cost	523,028	142,259
Less: amortisation	-	-
	<u>523,028</u>	<u>142,259</u>
Formation expenses	1,095	1,095
Brands	6,915,001	6,914,998
Goodwill	702,268	702,268
<b>TOTAL INTANGIBLE ASSETS</b>	<b><u>8,219,271</u></b>	<b><u>7,870,519</u></b>

#### NOTE 9: TRADE AND OTHER PAYABLES

	<b>Consolidated Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Trade payables	4,181,584	3,701,617
Other payables and accruals	2,589,555	2,486,149
<b>TOTAL TRADE AND OTHER PAYABLES</b>	<b><u>6,771,139</u></b>	<b><u>6,187,766</u></b>

#### NOTE 10: PROVISIONS

	<b>Consolidated Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>CURRENT</b>		
Employee benefits	<u>500,111</u>	<u>376,209</u>
<b>NON-CURRENT</b>		
Employee benefits	<u>108,253</u>	<u>93,565</u>
<b>TOTAL PROVISIONS</b>	<b><u>608,364</u></b>	<b><u>469,774</u></b>

## The Food Revolution Group Limited

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

#### NOTE 11: BORROWINGS

	<b>Consolidated Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
CURRENT		
Loan – Generation (a)	3,056,918	3,000,000
<b>TOTAL BORROWINGS</b>	<b>3,056,918</b>	<b>3,000,000</b>

(a) The total facility is for \$8m comprising a \$4m revolving credit facility (Facility A) and a \$4m term loan facility (Facility B). As at the date of this report, Facility A \$3 million has been drawn down.

- The interest rate is 7.5% pa, with interest payable quarterly.
- The loan is secured over all of the Group's current and future assets.
- Each facility contains detailed conditions precedent to draw down. The facilities are financial covenant lite in that once the funds have been drawn under the facility, there is no periodic (eg. quarterly) financial covenant testing.

#### NOTE 12: DEFERRED CONSIDERATION LIABILITY

	<b>Consolidated Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
CURRENT		
Deferred consideration liability (a)	600,000	2,495,237
NON-CURRENT		
Deferred consideration liability (a)	6,879,241	6,600,000
<b>TOTAL DEFERRED CONSIDERATION LIABILITY</b>	<b>7,479,241</b>	<b>9,095,237</b>

(a) On 26 May 2014, LTI acquired: (i) the remaining 50% shareholding in LTC from Golden Circle/Heinz; (ii) Heinz's juicing assets at Laverton; and (iii) Heinz' bottling assets at Mill Park (amounting to \$8.1m in total based on the net present value of future payments at that time), and acquired the loan Heinz provided to LTC (amounting to \$1.2m). Heinz and LTI have amended the payment schedule for the above assets such that:

- \$600,000 (plus accrued interest) is due on 15 July 2017; and the final payment for the above assets of \$6.6m plus accrued interest is to be paid 30 September 2018.

## The Food Revolution Group Limited

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

#### NOTE 13: INCOME TAX EXPENSE

	<b>Consolidated Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Current tax expense	-	-
Deferred tax expense / (benefit)	(652,591)	-
Total income tax expense / (benefit)	(652,591)	-

#### NOTE 14: FOREIGN CURRENCY TRANSLATION AND OPTIONS RESERVES

	<b>Consolidated Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Foreign currency translation reserve	-	39,553
Options reserve	526,252	526,252

The foreign currency translation reserve records exchange differences arising on translation of the foreign controlled subsidiary, Roxdale Foods Limited.

The options reserve records items recognised as expenses on valuation of employee share options or options issued as share based payments.

#### NOTE 15: REVALUATION SURPLUS

	<b>Consolidated Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Net gain on revaluation of plant and equipment	1,095,570	1,095,570

The revaluation surplus records revaluations of non-current assets. Under certain circumstances dividends can be declared from this surplus.

## The Food Revolution Group Limited

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

#### NOTE 16: CASH FLOW INFORMATION

	<b>Consolidated Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>Reconciliation of Cash Flow from Operations with Profit after Income Tax</b>		
Profit/(Loss) after income tax	1,994,013	(6,214,230)
Depreciation, amortisation and write-offs	2,045,067	1,515,650
Gain on sale of LTC business assets and Roxdale	(1,672,550)	-
Share based payments expense	-	1,026,252
Impairment of goodwill	-	876,736
Other non-cash items from discontinued operations	-	178,690
Changes in operating assets and liabilities:		
- Trade and other receivables	(1,657,083)	(3,216,005)
- Trade and other payables	(632,734)	2,600,606
- Inventories	99,301	(1,417,483)
- Assets/liabilities held for sale	(125,456)	(692,522)
- Other assets	890,965	(140,796)
- Provisions	138,590	176,925
- Deferred tax assets	(652,591)	595,237
	<u>427,519</u>	<u>(4,710,940)</u>



## The Food Revolution Group Limited

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

#### NOTE 17: CONTROLLED ENTITIES

	Country of Incorporation	Percentage Owned (%)	
		2017	2016
Parent Entity:			
The Food Revolution Group Limited	Australia		
Subsidiaries of The Food Revolution Group Limited:			
LangTech International Pty Ltd	Australia	100	100
Roxdale Foods Limited	New Zealand	-	100
LangTech Citrus Pty Ltd	Australia	100	100
LangTech Bottling Pty Ltd	Australia	100	100
Australia's Garden (HK) Limited (i)	Hong Kong	100	100
Thirsty Brothers Pty Ltd	Australia	100	100
Shandong LangTech Food Technology Co Limited	China	10	10

(i) The company did not trade during the 2017 and 2018 financial year.

#### NOTE 18: LEASE COMMITMENTS

	Consolidated Group	
	2017	2016
Non-cancellable operating lease commitments not capitalised in the financial statements		
Payable – minimum lease payments:		
– not later than 1 year	1,117,966	1,120,980
– later than 1 year but not later than 2 years	1,040,854	1,154,609
– later than 2 years	170,302	1,299,562
	<u>2,329,122</u>	<u>3,575,151</u>

#### NOTE 19: CONTINGENT ASSETS AND LIABILITIES

There are no contingent assets and liabilities at balance date.

#### NOTE 20: COMPANY DETAILS

The registered office and principal place of business of the company is:

20 Heaths Court  
Mill Park VIC 3082

## The Food Revolution Group Limited

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### DIRECTORS' COMPLIANCE STATEMENT FOR THE YEAR ENDED 30 JUNE 2017

1. This Appendix 4E has been prepared in accordance with the recognition and measurement requirements of the Australian Accounting Standards, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.
2. This Appendix 4E uses the same accounting policies which will be adopted in the full financial report.
3. This Appendix 4E is based on financial statements which are in the process of being audited and is not likely to be subject to audit dispute or qualification.
4. In the directors' opinion, there are reasonable grounds to believe the group will be able to pay its debts as and when they become due and payable.

A handwritten signature in dark ink, appearing to read 'Graham Duff', written over a horizontal line.

Graham Duff AM

Dated: 31 August 2017