Appendix 4E

Preliminary final report

Name of entity

Delecta Limited

ABN or equivalent company reference

92 009 147 924

Financial year ended ('current period')

30 June 2017

Results for announcement to the market

				$A'000
Revenues from continuing operations	Up	7%	to	18,500
Profit from continuing operations after tax attributable to members	Up	-	to	1,219
Net profit after tax for the period attributable to members	Up	-	to	1,219

Dividends (distributions)	Amount per security	Franked amount per security
Final dividend Interim dividend	None	- ¢
Previous corresponding period	None	- ¢

+Record date for determining entitlements to the dividend, (in the case of a trust, distribution)	N/A

The above results should be read in conjunction with the notes and commentary contained in this report.

Management Discussion and Analysis

Overview

The consolidated entity recorded a net profit of $1,219,000 from continuing operations and total operations (2016: loss $172,000).

The total earnings per share for the year was 0.19 cents (2016: loss 0.03 cents).

The total Group revenues from continuing operations for the year increased by 7% to $18,500,000, with the Group recording a net profit of $1,219,000 from operations after accounting for a $913,000 profit on the de-recognition of its former associate, European Lithium Limited (formally Paynes Find Gold Limited) and a $652,000 impairment of its oil and gas property.

Summarised operating results are as follows:

Year ended 30 June 2017

Operating Segment	Sales and services revenues from external customers $'000	Other income $'000	Earnings before interest, tax, depreciation, amortisation and impairment $'000	Depreciation, amortisation and impairment $'000	Net Interest received $'000	Profit / (loss) before income tax $'000
Wholesale	18,495	333	1,835	(84)	-	1,751
Unallocated	-	-	(798)	-	5	(793)
	18,495	333	1,037	(84)	5	958
Profit on de-recognition of associate						913
Impairment of oil and gas property						(652)
Total						1,219

Year ended 30 June 2016

Operating Segment	Sales and services revenues from external customers $'000	Other income $'000	Earnings before interest, tax, depreciation, amortisation and impairment $'000	Depreciation, amortisation and impairment $'000	Net Interest received $'000	Profit / (loss) before income tax $'000
Wholesale	17,273	369	800	(189)	-	611
Unallocated	-	-	(689)	-	6	(683)
	17,273	369	111	(189)	6	(72)
Share of loss of associate						(100)
Total						(172)

Wholesale

The division's continuing focus on the supply of premium brands and products to its customers saw the wholesale division record a 7% increase in wholesale revenues for the year.

This increase in revenues, along with the ongoing focus on costs has resulted in the division recording a net profit of $1,751,000 for the period, up from a net profit of $611,000 in the prior year.

Oil & Gas Operation

On 25 September 2014, the Group acquired an 80% working interest and a 58% net revenue interest in an oil and gas field development project, the Wise I-25 Well, situated within the Canadian River Project area, in Okfuskee County, Oklahoma.

For most of the current financial year, oil and gas continued to be drawn in decreasing volumes from the Viola Limestone formation.

In April 2017, the Wilcox Formation was perforated allowing the wellbore to access both the Viola Limestone and Wilcox formations. Since then the operator has been tuning the production and upgrading the production facilities, including the water disposal system, in order to handle the additional water from the Wilcox Formation.

In line with the Group's accounting policies the project has been fully transferred to oil and gas properties given the changes in the operation in the last six months with the break-through to the second reservoir formation.

At 30 June 2017, the well had not commenced full production, although oil, gas and water rates had starting to trend in the expected direction. However, a valuation of the project based on discounted projected cash flows resulted in the group recording an impairment provision of $652,000 for the year.

Head Office / Corporate

Head office / corporate expenditure for the year increased from $689,000 to $798,000.

Contingencies

There were no known contingent assets or liabilities within the group at year end.

Subsequent Events

No matter or circumstance has arisen since the end of the financial year to the date of this report which has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in future financial years.

Statement of Comprehensive Income
For the Year ended 30 June 2017

	Notes	Consolidated For the year ended 30 June 2017 $'000	Consolidated For the year ended 30 June 2016 $'000
Continuing Operations			
Revenue	1	18,500	17,279
Cost of sales		(13,056)	(12,934)
Gross Profit		5,444	4,345
Other income	1	1,246	481
Other expenses	1	(5,471)	(4,898)
Profit /(loss) from continuing operations before tax, finance costs and share of associate income		**1,219**	**(72)**
Finance costs		-	-
Share of loss of associate		-	(100)
Profit / (loss) from continuing operations before income tax		**1,219**	**(172)**
Income tax expense		-	-
Net profit / (loss) for the period		**1,219**	**(172)**
Other comprehensive income			
Items that may be reclassified subsequently to profit and loss			
- Foreign currency translation		(121)	68
- Available for sale gains and (losses)		(429)	-
Other comprehensive (loss) / income		**(550)**	**68**
Total comprehensive income / (loss) for the period		**669**	**(104)**

Loss per share		
Earnings / (loss) per share	0.19 cents	(0.03) cents
Diluted earnings / (loss) per share	0.19 cents	(0.03) cents

Statement of Financial Position
As at 30 June 2017

Consolidated	Notes	As at 30 June 2017 $'000	As at 30 June 2016 $'000
Current assets			
Cash and cash equivalents		1,099	701
Trade and other receivables		2,626	2,022
Inventories		3,455	3,020
Available for sale assets	3	484	-
Prepayments and deposits		818	801
Total current assets		**8,482**	**6,544**
Non-current assets			
Plant and equipment		227	276
Exploration and evaluation	4	-	3,729
Oil and gas properties	5	2,962	-
Total non-current assets		**3,189**	**4,005**
Total assets		**11,671**	**10,549**
Current liabilities			
Trade and other payables		1,376	887
Provisions		130	128
Total current liabilities		**1,506**	**1,015**
Non-current liabilities			
Provisions		114	152
Total non-current liabilities		**114**	**152**
Total liabilities		**1,620**	**1,167**
Net assets		**10,051**	**9,382**
Equity			
Contributed equity	6	69,493	69,493
Reserves		238	788
Accumulated losses		(59,680)	(60,899)
Total equity		**10,051**	**9,382**

Cash Flow Statement
For the Year ended 30 June 2017

Consolidated	Notes	For the year ended 30 June 2017 $'000	For the year ended 30 June 2016 $'000
Cash flows from operating activities			
Receipts from customers		20,438	20,109
Payments to suppliers and employees		(19,982)	(20,097)
Interest received		5	5
Net cash flows from operating activities		**461**	**17**
Cash flows (used in) / from investing activities			
Payment for purchases of property, plant and equipment		(35)	(208)
Proceeds from disposal of fixed assets		-	23
Exploration and evaluation		-	334
Security deposits (paid) / refunded		(18)	12
Net cash flows (used in) / from investing activities		**(53)**	**161**
Net increase in cash held		**408**	**178**
Cash and cash equivalents at beginning of period		701	515
Net foreign exchange difference		(10)	8
Cash and cash equivalents at end of period		**1,099**	**701**

Statement of Changes in Equity
Year ended 30 June 2017

	Consolidated			
	Issued Capital $'000	**Accumulated losses $'000**	**Other reserves $'000**	**Total equity $'000**
At 1 July 2015	**69,493**	**(60,727)**	**720**	**9,486**
Other comprehensive income	-	-	68	68
Loss for the year	-	(172)	-	(172)
Total comprehensive income for the year	-	(172)	68	(104)
At 30 June 2016	**69,493**	**(60,899)**	**788**	**9,382**
Other comprehensive loss	-	-	(550)	(550)
Profit for the year	-	1,219	-	1,219
Total comprehensive income for the year	-	1,219	(550)	669
At 30 June 2017	**69,493**	**(59,680)**	**238**	**10,051**

Reconciliation of cash

Reconciliation of cash at the end of the period (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows:	**As at 30 June 2017 $'000**	**As at 30 June 2016 $'000**
Cash on hand and at bank	1,096	698
Deposits at call	3	3
Total cash at end of period	**1,099**	**701**

Non-cash financing and investing activities

There were no non-cash financing and investing activities undertaken by the consolidated entity in the current or prior financial year.

NTA backing

	As at 30 June 2017	**As at 30 June 2016**
Net tangible asset backing per ordinary security	1.59 cents	1.50 cents

Notes to the Preliminary Final Report

1 REVENUE AND EXPENSES

Consolidated	**For the year ended 30 June 2017 $'000**	**For the year ended 30 June 2016 $'000**
Revenue		
Continuing Operations		
Sales and services revenue	18,495	17,273
Finance revenue	5	6
	18,500	17,279
Other Income		
Continuing Operations		
Foreign exchange gain	-	112
Profit on de-recognition of associate	913	-
Other Income	333	369
	1,246	481
Expenses		
Continuing operations		
Administration expenses	3,453	3,377
Distribution expenses	194	220
Marketing expenses	233	222
Occupancy expenses	478	456
Other	1,113	623
	5,471	4,898
Continuing Operations		
Included in other expenses:		
Depreciation and amortisation of fixed assets	84	189
Foreign exchange loss	2	-
Loss on disposal of fixed assets	-	26
Impairment of oil and gas property	652	-

2 DIVIDENDS PAID AND PROPOSED

No dividends have been paid or proposed during the year.

3 AVAILABLE FOR SALE ASSETS

	As at 30 June 2017 $'000	As at 30 June 2016 $'000
Listed		
European Lithium Limited	484	-
	484	-

Following a capital raising, the Group's investment in European Lithium Limited (formally Paynes Find Gold Limited) was diluted to 3% on 9 September 2016 from 15.1% at 30 June 2016. This resulted in the loss of significant influence and the re-classification of the investment as an associate accounted for using the equity method (investment value was carried at nil at the date of losing significant influence (30 June 2016: nil)) to an available for sale financial asset, recognised at fair value on the date of reclassification ($913,000) and subsequently re-value to market value at 30 June 2017 with the movement being recorded in other comprehensive income.

At 30 June 2017, the investment has been valued with reference to its market price at balance date (AUD$0.044) by the 11 million shares owned. This is a level 1 measurement basis on the fair value hierarchy.

4 EXPLORATION AND EVALUATION

	As at 30 June 2017 $'000	As at 30 June 2016 $'000
Exploration and evaluation		
Cost at beginning of period	3,730	3,836
Foreign exchange gain on conversion	(115)	140
Exploration expenditure net of testing revenue	(1)	(246)
Transfer to Oil and Gas Properties	(3,614)	
	-	3,730

On 25 September 2014, the Group acquired an 80% working interest and a 58% net revenue interest in an oil and gas field development project, the Wise 1-25 Well, situated within the Canadian River Project area, in Okfuskee County, Oklahoma. The Group accounts for this interest as a joint arrangement. At 30 June 2017, there were no commitments relating to this joint operation

In April 2017, the Wilcox Formation was perforated allowing the wellbore to access both the Viola Limestone and Wilcox formations. Since then the operator has been tuning the production and upgrading the production facilities, including the water disposal system, in order to handle the additional water from the Wilcox Formation.

At 30 June 2017, the well had not commenced full production, however in line with the Group's accounting policies the project has been fully transferred to oil and gas properties given the changes in the operation in the last six months with the break-through to the second reservoir formation.

The recoverability of the carrying amount of exploration expenditure assets is dependent upon the successful commercialisation or disposal of the assets at amounts in excess of their current values.

5 OIL AND GAS PROPERTIES

	As at 30 June 2017 $'000	As at 30 June 2016 $'000
Oil and gas properties		
Cost at beginning of period	-	-
Additions	-	-
Transferred from exploration and evaluation assets	3,614	-
Impairment current year	(652)	-
	2,962	-

During the year ended 30 June 2017 the Group transferred its interest in the Wise 1-25 Well development project to oil and gas properties.

A valuation of the project based on discounted projected cash flows resulted in the group recording an impairment provision of $652,000 for the year.

6 ISSUED CAPITAL

	As at 30 June 2017 $'000	As at 30 June 2016 $'000
Issued and fully paid		
Ordinary shares	69,493	69,493
	69,493	69,493

	Number of shares	$'000
Movements in ordinary shares on issue		
At 1 July 2016	633,496,205	69,493
Issued during the year	-	-
At 30 June 2017	633,496,205	69,493

7 OPERATING SEGMENTS

Identification of Reportable Segments

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

The operating segments are identified by management based on the manner in which the product is sold and the nature of the services provided. Discrete financial information about each of these operating businesses is reported to the executive management team on a monthly basis.

The reportable segments are based on aggregated operating segments determined by the similarity of the manner in which the products are sold or provided as these are the sources of the Group's major risks and have the most effect on the rates of return.

Types of Products and Services

Wholesale
The wholesale segment divisions are those divisions that sell adult products directly to wholesale customers in Australia and New Zealand.

Accounting Policies and Inter-segment Transactions

The accounting policies used by the Group in reporting segments are the same as those contained in note 2 to the financial statements and in prior periods.

Inter-entity sales
Wholesale sales within the group are at cost.

Corporate Charges
Non-segmental expenses, such as head office expenses and expenses that are not directly attributable to a segment and not considered part of the core operations of any segment, are not allocated to operating segments by way of corporate charges and include:

- Head office employee expenses and directors' fees
- Company secretarial and listing expenses
- Group legal fees
- General head office expenses (travel and accommodation, directors and officer's insurance, telephone, etc)

The following table presents the revenue and profit information relating to business segments for the years ended 30 June 2017 and 30 June 2016:

	Continuing Operations		
30 June 2017	**Wholesale $'000**	**Other $'000**	**Total $'000**
Segment Revenue			
Sales to and other revenue from external customers	18,828	-	18,828
Unallocated interest income			5
Total Revenue and Other Income per the Statement of Comprehensive Income			18,833
Segment Result			
Segment Results	1,751	-	1,751
Unallocated items			
- Corporate charges			(798)
- Net Interest income			5
Profit on de-recognition of associate			913
Impairment of oil and gas property			(652)
Net loss per the Statement of Comprehensive Income			1,219

30 June 2016	Continuing Operations Wholesale $'000	Other $'000	Total $'000
Segment Revenue			
Sales to and other revenue from external customers	17,642	-	17,642
Unallocated interest income			6
Total Revenue and Other Income per the Statement of Comprehensive Income			17,648
Segment Result			
Segment Results	611	-	611
Unallocated items			
- Corporate charges			(689)
- Net Interest income			6
Share of loss of associate			(100)
Net loss per the Statement of Comprehensive Income			(172)

Annual meeting

(Preliminary final report only)

The annual meeting will be held as follows:

Place	9 Foundry Street, Maylands, Perth.
Date	30 November 2017
Time	9 am
Approximate date the +annual report will be available	23 October 2017

Compliance statement

1 This report has been prepared in accordance with ASX Listing Rules.

2 This report, and the +accounts upon which the report is based (if separate), use the same accounting policies.

3 This report does give a true and fair view of the matters disclosed.

4 This report is based on +accounts to which one of the following applies.

(Tick one)

☐ The +accounts have been audited.

☐ The +accounts have been subject to review.

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

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

Sign here: .... (Director)

Date: 29 August 2017

Print name: Malcolm Day