

RAPID NUTRITION PLC

FINANCIAL STATEMENTS

30 JUNE 2015

RAPID NUTRITION PLC

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

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RAPID NUTRITION PLC

STRATEGIC REPORT

FOR THE YEAR ENDED 30 JUNE 2015

| | |
|------------------------------------|---|
| Directors | S St Ledger R Serbin M Sinclair |
| Company Secretary | Elemental CoSec Limited |
| Company registration number | 07905640 |
| Registered office | 2 nd Floor 145-157 St. John Street London England EC1V 4PW |
| Auditor | KSI (WA) Level 2 35 Outram Street West Perth WA 6005 Australia |
| Domicile of the company | United Kingdom |
| Country of incorporation | England and Wales |
| Legal form of entity | Public Limited Company |
| Frankfurt Code | RNP |

RAPID NUTRITION PLC

STRATEGIC REPORT

FOR THE YEAR ENDED 30 JUNE 2015

The directors present their strategic report on Rapid Nutrition PLC and its controlled entity (hereafter “the Group” or “Rapid Nutrition”) for the year ended 30 June 2015.

Principal activity

Rapid Nutrition is a natural healthcare company focused on the research, development and production of a range of life science products.

The company was established on the back of its successful and proven weight loss supplement range which is exported worldwide, and now offers consumers a growing range of health and wellbeing solutions to meet existing and emerging societal health concerns, as well as a providing number of wider services to the life sciences industry.

Review of the business, performance & position

The past twelve months has been a salutary blend of learning experiences and considerable gains for Rapid Nutrition plc. Within this time, market forces tested our capacities to create a wider and stronger market base, and our resilience from setbacks in the capital market.

At the end of the period, the Company emerged better-defined in character and capability. We improved our strategy implementation, especially by refining and streamlining our processes in order to meet the ever-growing consumer demands with timeliness, efficiency, and efficacy. Moreover, we steeled our resolve to be a key player in the industry, primarily by instituting tighter safeguards against disabling factors in a rough and highly competitive environment.

In sum, last year has been a successful year. Its outcomes not only show commendable performance. These also demonstrate our responsiveness, adaptability, and foresight in terms of catering to the dynamic and robust global market, which spends more than \$150 billion per year on natural supplements.

Performance Highlights

For the period 1 July 2014 to 30 June 2015, the Company's operations went by the theme, “Spurring Investment Growth, Sustaining Consumer Health and Wellness”.

Being guided thus, we stepped up our campaign to bring SystemLS™ and Leisa's Secret™ to Australian and overseas consumers. As a result, we realised record growth from \$1,595,448 to \$5,629,374 in sales for Fiscal Year 2015, an increase of 252% from the previous year. Our flagship brand's actual performance exceeded the sales forecast by 150%, showing how it has gained traction in the local and international markets less than 36 months after its roll-out.

We closed FY 2015 with \$5,629,374 in revenue, reflecting a substantial 252% increase year-over-year (YoY) revenue growth as well as an increase of 215% to our operating profit.

RAPID NUTRITION PLC

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FOR THE YEAR ENDED 30 JUNE 2015

The Year In Review

Within the period, the World Health Organisation (WHO) and the Organisation of Economic Co-Operation and Development (OECD) released updated reports to illustrate the current state and scale of the overweight and obesity epidemic.

The WHO data revealed a worldwide total of 1.9 billion adults being overweight, of whom 600 million suffered from obesity. Meanwhile, the OECD's findings stated that across the 34-country association, there was no sign that excess body weight cases would thin in number any time soon. The OECD also charted the rise in the prevalence of self-reported and measured obesity in adults and children, male and female alike. The rate of expected rise per country varied, but it pictured a rise all the same.

Both the WHO and the OECD reports thus came as big news to the weight-loss and diet management industry, their statistics being vital to business growth.

Taking a closer look at the industry, its diet segment—manufacture and distribution of functional foods, beverages, and nutritional supplements—performed remarkably in general. This owed to the intensifying health consciousness amongst populations, and their confidence in the proactive, preventive healthcare approach to well-being. Savvy consumers increased their intake of dietary products, particularly nutraceuticals that posed lower risks of side effects. Correspondingly, their demand for weight-controlling natural supplements surged.

Goals and Opportunities

The optimistic business climate thus allowed the Company's strong presence to take root in the burgeoning market.

Accelerated production

We took advantage of the favourable conditions and, without compromising quality, streamlined our processes to speed up the manufacture and delivery of SystemLS™, so we could fulfill the increased volume of orders on schedule.

In Australia, we doubled our efforts in preparation for the massive launch of our flagship product range at the 390-plus stores of Woolworths. Guided by our perceptions survey, we poised to sell the SystemLS™ Satisfy high-fibre health bars first, to be followed immediately by the SystemLS™ Nourish high-protein meal replacement shakes. The products will hit the shelves in mid-July 2015.

Broadened international reach

Again taking advantage of the encouraging business climate, we created new distribution networks as we expanded our existing points of sale within and outside of Australia.

In Spain, we secured an introduction to the vibrant Spanish market by entering into a distribution contract with Panisello—a successful chain of spas and salons with a retail component for premium health, beauty, and wellness products. Owned by Grand Prix motorcycle racer and skydiver Sergio Gadea Panisello, the eponymous company will market the SystemLS™ line beginning early 2016, allowing the company to expand its global distribution footprint and grow its European sales. Over the next five years, the partnership will also serve as the springboard for our expansion in Western Europe.

RAPID NUTRITION PLC

STRATEGIC REPORT

FOR THE YEAR ENDED 30 JUNE 2015

Regulatory compliance

In our other target regions, we followed up on pending applications to export and distribute SystemLS™ in several countries, such as Spain, Germany, and China.

We now look forward to securing the government approvals soon, in order for us to conduct business that legitimately and ethically caters to large customer bases and satisfies the consumers' nutritional requirements.

Product innovations

We have always prided ourselves in the Company's intellectual property (IP), which holds the recipe for staying in the business and strengthening our position in the market.

This year, our beefed-up research and development resources resulted in an array of product innovations and proprietary formulations meant to respond, in due time, to ever-changing market demands. A part of this initiative was brainstorming practicable packaging designs to suit evolving consumer tastes and increasing environmental-sustainability requirements.

Market positioning

Rapid Nutrition plc explored new opportunities for viable industry-specific consolidations. Our previously completed mergers and acquisitions with synergistic businesses have proven successful, and we looked into expanding our portfolio to emphasise our emergence as a key player in the global industry.

To this end, we worked towards completing the acquisition of a well established nutraceutical company, within the next fiscal year.

Challenges and Actions Taken

As with any business bound for success and staying power, the Company faced situations that tested—and, ultimately—proved our mettle.

Closure of the GXG Market

In mid-June, towards the end of FY2015, we were notified that the GXG Markets A/X would cease to operate on 18 August 2015.

Being one of the most traded companies on the GXG First Quote platform, which had witnessed the positive investor-reception of the micro-cap sector, Rapid Nutrition plc were likely to be affected by the closure. However, to mitigate the impact and retain investor confidence, the board continues to explore the option of providing investors a dual listing in the UK in 2016.

Unusual movement in FWB share prices

For 13 months since being admitted into the Deutsche Börse AG-operated Frankfurt Wertpapierbörse (FWB®, or the Frankfurt Stock Exchange) on 19 May 2014, Rapid Nutrition plc was on a roll. Our opening share price of €2.90 climbed steadily, peaking to €4.30 on 3 February 2015. When the trading week ended on 12 June, the share price was €2.95. It closed at €1.20 on 29 June. The decline sharply contrasted with the Company's actual performance and range of high-performing assets.

RAPID NUTRITION PLC

STRATEGIC REPORT

FOR THE YEAR ENDED 30 JUNE 2015

At this difficult juncture, we rose to the challenge, first by identifying the factors and motivations behind the stock slide, and then instituting safeguards against heavy risks and losses. We also sought expert advice on taking several fail-safe measures to recover from the temporary setback, and to restore the value of Rapid Nutrition plc's share prices that would appropriately reflect the growth potential and long-term profitability of our core business.

A significant measure was shoring up our investor relations programmes, including one geared towards empowering micro-cap value investors with strategy-building techniques to beat the market over the long term. By this, along with our flagship brand's widening consumer base, we anticipate the liquidity of our stock to increase in the coming year. In so doing, we also expect to deliver a host of opportunities to our valued shareholders, who deserve to enjoy the upward swing in the future.

Proliferation of “unhealthy” competition

Overall, the positive reception of weight management-driven natural supplements did the industry good. However, it also made room for cheap and sub-standard products, which exploited the upward sales trend and attacked the consumers' weakness. This threatened not only the industry, but public health as well.

Whilst Rapid Nutrition plc was not directly attacked by unscrupulous competitors, we designed a responsible information-dissemination initiative aimed to help consumers make educated decisions on diet and lifestyle improvement.

The launch of said initiative will coincide with next year's bolstered global marketing campaign. This endeavour will also be an integral part of our world-class digital infrastructure, built and reinforced out of our reinvested profits, to drive sales and consumer engagement.

Salient Accomplishments

- 2014 July
Rapid Nutrition plc post a 336% year-over-year (YOY) revenue increase
- 2014 August
Expanding health and wellness across the globe while exceeding its mid-year plans, natural healthcare company Rapid Nutrition has secured its opening order in the United States with Motivate Health Technologies.
- 2014 September
Rapid Nutrition plc continues to build revenue and growth across the globe and prepares for upcoming discussions with several European wellness companies this quarter
- 2014 October
Investor confidence continues to grow with a steady increase in share price
- 2014 November
Mr Richard Serbin is appointed to the board of directors
- 2014 December
To support its ongoing expansion across the Europe, Rapid Nutrition PLC has partnered with B2C Europe, a large European distributor, to offer direct service to customers.

RAPID NUTRITION PLC

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FOR THE YEAR ENDED 30 JUNE 2015

- 2015 January
Rapid Nutrition plc successfully dual lists on the GXG Markets
- 2015 February
RNP.F share price peaks to €4.30.
- 2015 March
Rapid Nutrition plc post interim results supporting strong growth and investor confidence
- 2015 April
Management expands manufacturing in the US
- 2015 May
Rapid Nutrition plc finalise the exclusive 5-year distribution contract with premier Spanish wellness chain, Panisello, to bring the SystemLS™ line to consumers from Spain and the rest of the Western European neighbourhood in addition to expanding out presence in China by progressing discussion with several well established Chinese companies.
- 2015 June
Sales momentum builds in Australia, in anticipation of SystemLS™ launch at Woolworths.

Value For Our Shareholders

Although we belong in one of the world's fastest growing industries, Rapid Nutrition plc evolves and expands our basket of products slowly but surely. We nurture it with utmost care and diligence, without rush and wasteful haste, until the fruits of our labour are ripe for the picking.

We ensure the scrupulous conduct of business, from IP acquisition and regulatory compliance, through branding and sales, to consumer satisfaction and economic sustainability. Inarguably thus, the value we give all stakeholders—shareholders, end-users, suppliers, distributors, and associates—is full and long-lasting trust. For without this, our most “active” ingredient for success, the Company would not thrive.

On the medium term beginning 2016, we will be reinvesting our profits into resource-buildup activities. This means, amongst other important things, fortifying human capital by enlisting the services of more experts and highly qualified staff to aid in our operations. We will likewise continue with our awareness campaigns, online and offline, to spread the good news that optimum health and wellness are accessible even to average consumers in several parts of the world.

In so doing, we anticipate a stronger and more confident market base. We also expect an accelerated growth of our highly performing assets, including an expanded portfolio of mergers and acquisitions that will increase our consolidated financial performance per annum, while diversifying our revenue streams.

I take this opportunity to thank everyone at the Company for the unwavering commitment to consumer well-being and business success, and for the consistently excellent service that demonstrates it. And on behalf of the entire Rapid Nutrition family, I thank you, esteemed shareholders, for another productive and meaningful twelve months. I also enjoin you to drink with us to another year of longevity and vitality!

RAPID NUTRITION PLC

STRATEGIC REPORT

FOR THE YEAR ENDED 30 JUNE 2015

Principal Risks and Uncertainties

The principal risks the company faces relate to a) the regulatory requirements in each country to which it exports and b) cash flow. If those regulations change, the company will need to quickly adapt its product formulations to ensure compliance and facilitate continuing sales. At this stage, because Australian regulators operate very stringent policies on all products, having passed the Australian test gives the Group a strong foundation to take its products into foreign markets and get local endorsement too; nevertheless, this has been recognised as a potential risk.

Cashflow is another principal risk as, while the company is in its growth phase, revenues are low vs. costs. However, the company has support from its shareholders for funding and is anticipating sales growth in the coming year to improve cashflow substantially.

Consideration of future developments likely to affect performance & position of the Group

As part of this ongoing expansion, Rapid Nutrition is focused on gaining a stronger foothold into the lucrative European and U.S. markets with the SystemLS™ range. The company has taken steps to meet increasing demand by partnering with B2C Europe, a well-established European distributor, to serve customers directly.

Further, Rapid Nutrition continues discussions with several U.S. companies to further expand the SystemLS™ presence and revenues in the United States. To that end, Richard Serbin, a new independent member, was appointed to the company's board of directors. Mr Serbin will engage his mergers and acquisitions expertise to help make more strategic acquisitions in order to establish a strong position in key regions. Based in New York City, Mr Serbin is a registered patent attorney as well as a registered pharmacist whose background includes law, science and education

Rapid Nutrition will continue to enhance its board of directors, management team and key advisors while working towards the goal of becoming a truly global healthcare company.

Environmental matters

There are no environmental issues arising from the Group's business that might affect the future strategic direction or results of our group.

Employees

In line with *Companies Act 2006* requirements, we present the following breakdown of our employee structure:

| <i>Role</i> | <i>Number of Men</i> | <i>Number of Women</i> |
|-----------------|----------------------|------------------------|
| Directors | 3 | - |
| Senior Managers | - | 1 |
| Other Employees | - | - |

As part of the USA rollout, a deal was closed in September 2015 to bring approximately 20 sales staff on-board, on a contract commission basis, which we expect to bring substantial growth in sales with reduced upfront risk.

RAPID NUTRITION PLC

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FOR THE YEAR ENDED 30 JUNE 2015

Subsequent to year end, the Group has added a Scientific Advisor, Dr John Lewis, as part of the advisory board, and has also appointed a new CFO, Mr Michael Zhu, both of whom strengthen our in-house teams and their expertise.

By order of the board

A handwritten signature in black ink, appearing to read 'Simon St Ledger', with a stylized, flowing script.

Simon St Ledger

Director

4 November 2015

RAPID NUTRITION PLC

DIRECTORS' REPORT

AS AT 30 JUNE 2015

The Directors present their report and financial statements of the Group for the year ended 30 June 2015.

Directors

The Directors who served the Group during the period are as follows:

Mr Simon St Ledger
Mr Malcolm Sinclair
Mr Richard Serbin (Appointed 18 November 2014)
Mr Vaidyanathan Nateshan (Resigned 25 February 2015)

All directors were in office for the entire period unless otherwise disclosed.

Company Secretary

The following served as Company Secretary during the period:

Elemental CoSec Limited

Review of the Business

Please refer to the Strategic Report for information on the Group, its strategic direction, this year's results, and plans for the future.

Dividends

At this stage of the Group's development, no dividends have been recommended. All monies generated by the Group's operations are to be retained for the future growth and development of the Group's offerings to market.

Research and Development

The Group undertakes a variety of research activities into potential new products and new formulations that could form part of their future offerings to customers. The Group classifies all such spending as research and expenses the costs accordingly.

It is the view of the directors at this stage that the Group is unable to confirm the potential flow of benefits from new products until they arrive to market. Given that, it is not possible to capitalise these expenditures as development.

Financial Instruments

The Group holds shares in another company, Motivideo Systems. Information regarding the Group's financial risk management objectives and policies, including exposure to market, credit and liquidity risks, are presented in Note 27 to these financial statements.

RAPID NUTRITION PLC

DIRECTORS' REPORT

AS AT 30 JUNE 2015

Post Balance Sheet Events

On 10 July 2015, Rapid Nutrition PLC signed a letter of intent with a USA Nutraceutical Company, signalling its plans to acquire the Company, as part of its plans to create a successful vertically integrated group. Since that date, the directors have been undertaking detailed due diligence of the target, with a view to completion in the 2015/16 financial year.

Other than as disclosed above, the directors are not aware of any significant events since the end of the reporting period.

Indemnification of Officers

Insurance premiums have been paid by the company for directors and officers' liability in relation to the consolidated group.

No indemnities have been given or insurance premiums paid, during or since the end of the financial period, for any person who is auditor of the consolidated group.

Proceedings on Behalf of the Group

No person has applied for leave of court to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings.

The Group was not a party to any such proceedings during the period.

Director's Interests

At the year end date, the directors of the company had the following interests in the shares of the company, through both direct and indirect holdings:

| <i>Director</i> | Shares Held on 1 July 2014 | Shares acquired during year | Shares disposed during the year | Shares held at resignation | Shares held on 30 June 2015 |
|-----------------------|----------------------------|-----------------------------|---------------------------------|----------------------------|-----------------------------|
| | | | | | |
| Simon St Ledger | 11,640,656 | - | - | - | 11,640,656 |
| Vaidyanathan Nateshan | 325,000 | - | - | (325,000) | - |
| Malcolm Sinclair | 87,175 | - | - | - | 87,175 |
| Richard Serbin | - | - | - | - | - |

Remuneration Report (audited)

Policy & Practice

The Group operates on a strictly 'capital efficient' approach and therefore directors remuneration has been based on conservative market matching rates in order to act in the best interest of the company during the company's growth phase. At this time, outside of existing shareholdings, there are no performance components included in directors remuneration. Given the limited size of the group, no separate remuneration committee has been formed by the board.

RAPID NUTRITION PLC

DIRECTORS' REPORT

AS AT 30 JUNE 2015

Contracts

Directors' remuneration in its various forms was agreed by Board resolution, not formalised by contracts at this stage, and these arrangements will continue until re-visited by either party. Thus, there has been no specification of termination benefits for directors at this time.

Amount of emoluments & compensation

All dollar values disclosed herein are in Australian dollars.

| 2015 | <i>Salary (\$)</i> | <i>Superannuation (\$)</i> | <i>Consultancy Fees (\$)</i> | <i>Total (\$)</i> |
|--------------------------------|--------------------|----------------------------|------------------------------|-------------------|
| Simon St Ledger ^{1 2} | 150,000 | 13,875 | - | 163,875 |
| Vaidyanathan Nateshan | - | - | - | - |
| Malcolm Sinclair ² | - | - | 15,000 | 15,000 |
| Richard Serbin | - | - | 20,869 | 20,869 |

¹ – Simon St Ledger's employment terms, as formalised by board resolution, specify a salary of \$150,000 per year. During the year to 30 June 2015, \$78,350 was paid. The remainder is outstanding at the year end.

² – These directors have been provided with the use of vehicles owned by the consolidated entity for their personal use. Mr St Ledger's vehicle was acquired in a prior period for \$55,718, while Mr Sinclair's vehicle was acquired in a prior period for \$50,459.

| 2014 | <i>Salary (\$)</i> | <i>Superannuation (\$)</i> | <i>Consultancy Fees (\$)</i> | <i>Total (\$)</i> |
|--------------------------------|--------------------|----------------------------|------------------------------|-------------------|
| Simon St Ledger ^{1 2} | 150,000 | 13,875 | - | 163,875 |
| Vaidyanathan Nateshan | - | - | - | - |
| Malcolm Sinclair ² | - | - | 19,998 | 19,998 |

¹ – Simon St Ledger's employment terms, as formalised by board resolution, specify a salary of \$150,000 per year. During the year to 30 June 2014, only \$7,577 was paid. The remainder is outstanding at the year end.

² – These directors have been provided with the use of vehicles owned by the consolidated entity for their personal use. Mr St Ledger's vehicle was acquired in the prior period for \$55,718, while Mr Sinclair's vehicle was acquired in the prior period for \$50,459.

End of audited section.

RAPID NUTRITION PLC

DIRECTORS' REPORT

AS AT 30 JUNE 2015

Directors' responsibilities

The Directors are responsible for preparing the Strategic Report and the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year or period. Under that law the Directors have elected to prepare the financial statements in accordance with applicable United Kingdom law and those International Financial Reporting Standards ("IFRS") as adopted by the European Union. Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with IFRS as adopted by the European Union;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume the Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.


The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

Directors' statement as to disclosure of information to the auditor

The Directors at the date of approval of this report confirm that:

- to the best of their knowledge and belief, there is no relevant audit information of which the Group's auditor is unaware; and
- the Directors have taken all the steps that that might reasonably be expected to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

On behalf of the Board



S St Ledger

Director

4 November 2015

RAPID NUTRITION PLC

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS FOR THE YEAR ENDED 30 JUNE 2015

We have audited the financial statements of Rapid Nutrition PLC on pages 16 to 44 for the year ended 30 June 2015. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the directors and auditors

As explained more fully in the Director's Responsibilities Statement on page 12, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and the parent company's affairs as at 30 June 2015 and of the group's profit for the year then ended;
- the group's financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- the parent company's financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

RAPID NUTRITION PLC

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS FOR THE YEAR ENDED 30 JUNE 2015

Emphasis of matter – Inherent uncertainty regarding continuation as a going concern

In forming our opinion, which is not modified, we have considered the adequacy of the disclosure made in note 1.2 to the financial statements considering the group's ability to continue as a going concern.

We draw attention to Note 1.2 in the financial statements, which indicates that the group had borrowings of \$1,227,157 at 30 June 2015, but only has cash at 30 June 2015 of \$45,059. As outlined in Note 1.2, we believe that the group's ability to continue as a going concern is dependent on the group's ability continue to achieve sales revenue and the successful realisation of future revenue growth via their plans to expand their product lines and distribution partnerships. The directors also state their belief that the Group will continue as a going concern into the future.

As a result of the Group's cash position, there is an uncertainty related to events or conditions that may cast doubt on the Group's ability to 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 financial statements do not include the adjustments that would result if the Group were unable to continue as a going concern.

Remuneration Report

We have audited the remuneration report, shown on pages 10-11 of the directors' report, for the year ended 30 June 2015. The directors of the Group are responsible for the preparation and presentation of the Remuneration Report in accordance with section 421 of the *Companies Act 2006*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit, in accordance with section 497 of the *Companies Act 2006*.

Opinion on Remuneration Report

In our opinion, the Remuneration Report complies with the requirements of section 421 of the *Companies Act 2006*.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.


Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

RAPID NUTRITION PLC

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS FOR THE YEAR ENDED 30 JUNE 2015



Nicholas Hollens – Senior Statutory Auditor
For and on behalf of KSI (WA) – Statutory Auditors
35 Outram Street
West Perth WA 6005
Australia

Date: 4 November 2015



RAPID NUTRITION PLC

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2015

| | | 30 June 2015 | 30 June 2014 |
|---|------|------------------|------------------|
| | Note | \$ | \$ |
| Revenue | 4 | 5,629,374 | 1,595,448 |
| Cost of sales | | | |
| Opening inventory | | (43,829) | (160,967) |
| Direct costs | | (229,890) | (506,105) |
| Closing inventory | | 124,993 | 43,829 |
| Gross profit | | 5,480,648 | 972,205 |
| Administrative expenses | | (4,317,538) | (603,403) |
| Operating profit | 5 | 1,163,110 | 368,802 |
| Unrealised gain on financial assets | | - | 1,555,665 |
| Currency (Loss)/Gain | | (22,037) | 108,455 |
| Profit before tax | | 1,141,073 | 2,032,922 |
| Tax expense | 7 | (207,466) | (286,019) |
| Net profit for the period attributable to members of the Company | | 933,607 | 1,746,903 |
| Other comprehensive income | | - | - |
| Total comprehensive income for the period attributable to members of the Company | | 933,607 | 1,746,903 |
| Basic & diluted earnings per share | 29 | 0.04 | 0.08 |

All of the activities of the Group are classed as continuing.

All of the total comprehensive income for the period is attributable to the owners of the Group.

RAPID NUTRITION PLC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2015

| | Note | 30 June 2015 \$ | 30 June 2014 \$ |
|--------------------------------------|------|--------------------|--------------------|
| Current assets | | | |
| Cash and cash equivalents | 8 | 45,059 | 4,441 |
| Trade and other receivables | 9 | 74,348 | 1,581,352 |
| Prepayments | 10 | 2,590,067 | - |
| Inventory | 11 | 124,993 | 43,829 |
| Financial assets | 12 | 4,835,704 | 4,828,662 |
| Other assets | | 10,098 | 10,835 |
| Loans | | - | 286,168 |
| Total current assets | | 7,680,269 | 6,755,287 |
| Non-current assets | | | |
| Investments | 13 | 407,353 | - |
| Property, plant and equipment | 14 | 8,433 | 40,708 |
| Intangible assets | 15 | 225,131 | 228,605 |
| Total non-current assets | | 640,917 | 269,313 |
| Total assets | | 8,321,187 | 7,024,600 |
| Current liabilities | | | |
| Trade and other payables | 16 | 580,644 | 532,088 |
| Borrowings | 17 | 1,227,157 | 1,278,690 |
| Other payables | | 253,855 | 15,896 |
| Total current liabilities | | 2,061,656 | 1,826,674 |
| Non-current liabilities | | | |
| Deferred tax | 18 | 967,141 | 1,014,019 |
| Borrowings | 19 | 52,220 | 70,367 |
| Total non-current liabilities | | 1,019,361 | 1,084,386 |
| Total liabilities | | 3,081,017 | 2,911,060 |
| Net assets | | 5,240,170 | 4,113,540 |

RAPID NUTRITION PLC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2015

Equity

| | | | |
|----------------------------------|-----|-------------------------|-------------------------|
| Shares | 20 | 27,084,376 | 27,084,376 |
| Share Premium | | 193,023 | - |
| Merger reserve | | (26,077,411) | (26,077,411) |
| Retained earnings | 21a | <u>4,040,182</u> | <u>3,106,575</u> |
| Total equity and reserves | | <u>5,240,170</u> | <u>4,113,540</u> |

These financial statements were approved and authorised for release by the Directors on 4 November 2015 and are signed on its behalf by:



S St Ledger

Director

Company registration number: 07905640

RAPID NUTRITION PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2015

| | Ordinary Share Capital \$ | Share Premium \$ | Merger Reserve \$ | Retained Earnings \$ | Total Equity \$ |
|--|---------------------------------|------------------------|-------------------------|----------------------------|--------------------|
| Opening balance 1 July 2013 | 26,972,594 | - | (26,077,411) | 1,359,672 | 2,254,855 |
| Comprehensive Income | | | | | |
| Profit for the year | - | - | - | 1,746,903 | 1,746,903 |
| Total comprehensive income for the year | - | - | - | 1,746,903 | 1,746,903 |
| Transactions with owners, in their capacity as owners | | | | | |
| Shares issued during the year | 111,782 | - | - | - | 111,782 |
| Total transactions with owners, in their capacity as owners | 111,782 | - | - | - | 111,782 |
| Balance as at 30 June 2014 | 27,084,376 | - | (26,077,411) | 3,106,575 | 4,113,540 |
| Comprehensive Income | | | | | |
| Profit for the year | - | - | - | 933,607 | 933,607 |
| Total comprehensive income for the year | - | - | - | 933,607 | 933,607 |
| Transactions with owners, in their capacity as owners | | | | | |
| Shares issued during the year | - | | - | - | - |
| Value of services received for shares previously transferred | - | 193,023 | - | - | 193,023 |
| Total transactions with owners, in their capacity as owners | - | 193,023 | - | - | 193,023 |
| Balance as at 30 June 2015 | 27,084,376 | 193,023 | (26,077,411) | 4,040,182 | 5,240,170 |

RAPID NUTRITION PLC

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2015

| | Note | 30 June 2015 \$ | 30 June 2014 \$ |
|---|------|--------------------|--------------------|
| Cash flows from operating activities | | | |
| Receipts from customers | | 7,423,283 | 81,902 |
| Payments to suppliers and employees | | (6,920,601) | (369,901) |
| Net cash from/(used by) operating activities | 26 | 520,682 | (287,999) |
| Cash flows from investing activities | | | |
| Purchase of plant and equipment | 14 | (3,887) | - |
| Payments for investments | 13 | (407,353) | - |
| Net cash used by investing activities | | (411,240) | - |
| Cash flows from financing activities | | | |
| Proceeds from issue of shares | | - | 106,839 |
| Costs of issue of shares | | - | - |
| Proceeds from borrowings | | 109,802 | 252,187 |
| Repayment of related party borrowings | | (162,444) | (60,346) |
| Payment for Finance Lease | | (16,182) | (19,343) |
| Loans advanced | | - | (171) |
| Net cash (used by)/from financing activities | | (68,824) | 279,166 |
| Increase/(decrease)in cash and cash equivalents | | 40,618 | (8,833) |
| Cash and cash equivalents at the beginning of the period | | 4,441 | 13,274 |
| Cash and cash equivalents at the end of the period | 8 | 45,059 | 4,441 |

RAPID NUTRITION PLC

PARENT COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2015

| | Note | 30 June 2015 \$ | 30 June 2014 \$ |
|--|------|-------------------------|-------------------------|
| Statement of Financial Position | | | |
| <i>Current assets</i> | | | |
| Intercompany loan | 22 | 697,518 | 616,544 |
| Financial assets | 12 | 4,835,704 | 4,828,662 |
| Other assets | | 9,927 | 5,891 |
| <i>Total current assets</i> | | <u>5,543,149</u> | <u>5,451,097</u> |
| <i>Non-current assets</i> | | | |
| Investment in subsidiaries | 23 | - | - |
| <i>Total non-current assets</i> | | <u>-</u> | <u>-</u> |
| Total Assets | | <u>5,543,149</u> | <u>5,451,097</u> |
| <i>Current Liabilities</i> | | | |
| | | - | - |
| <i>Non-Current Liabilities</i> | | | |
| Deferred tax | 18 | 967,141 | 1,014,019 |
| <i>Total non-current liabilities</i> | | <u>967,141</u> | <u>1,014,019</u> |
| Total Liabilities | | <u>967,141</u> | <u>1,014,019</u> |
| Net Assets | | <u>4,576,008</u> | <u>4,437,078</u> |
| | | | |
| Issued Capital | 20 | 27,084,376 | 27,084,376 |
| Share Premium | | 193,023 | - |
| Retained Earnings | 21b | (22,701,391) | (22,647,298) |
| Total Equity | | <u>4,576,008</u> | <u>4,437,078</u> |

In accordance with section 408 of the UK Companies Act 2006, the company is availing itself of the exemption from presenting its individual statement of profit or loss and other comprehensive income. The company's profit for the financial period as determined in accordance with IFRS's is \$54,093. The company had no cashflow in the period, and therefore no cashflow statement has been prepared.

RAPID NUTRITION PLC

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2015

| | Ordinary Share Capital | Share Premium | Retained Earnings | Total Equity |
|--|---------------------------|----------------|---------------------|------------------|
| | \$ | \$ | \$ | \$ |
| Opening balance 1 July 2013 | 26,972,594 | - | (24,072,478) | 2,900,116 |
| Comprehensive income | | | | |
| Profit for the period | - | - | 1,425,180 | 1,425,180 |
| Total comprehensive income for the period | - | - | 1,425,180 | 1,425,180 |
| Transactions with owners, in their capacity as owners | | | | |
| Shares issued during the period | 111,782 | - | - | 111,782 |
| Total transactions with owners, in their capacity as owners | 111,782 | - | - | 111,782 |
| Balance as at 30 June 2014 | 27,084,376 | - | (22,647,298) | 4,437,078 |
| Comprehensive income | | | | |
| Profit for the period | - | - | (54,093) | (54,093) |
| Total comprehensive income for the period | - | - | (54,093) | (54,093) |
| Transactions with owners, in their capacity as owners | | | | |
| Value of services received for shares previously transferred | - | 193,023 | - | 193,023 |
| Total transactions with owners, in their capacity as owners | - | 193,023 | - | 193,023 |
| Balance as at 30 June 2015 | 27,084,376 | 193,023 | (22,701,391) | 4,576,008 |

RAPID NUTRITION PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

The consolidated financial statements and notes represent those of Rapid Nutrition PLC and its subsidiary ("the consolidated group" or "group"), for the year to 30 June 2015.

1. Significant accounting policies

1.1 Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements are drawn up under the historical cost convention, except for the revaluation of financial assets.

IFRS, issued by the International Accounting Standards Board (IASB) set out accounting policies that the IASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless otherwise stated.

1.2 Going concern

This report has been prepared on the going concern basis, which contemplates the continuation of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

For the year ended 30 June 2015, the Group had a cash balance of \$45,059 while it has borrowings of \$1,227,157. The Directors believe there are sufficient funds to meet the Group's working capital requirements for the coming year.

However, the Directors recognise that the ability of the Group to continue as a going concern and to pay its debts as and when they fall due may be dependent on the ability of the Group to continue to achieve sales revenue and the successful realisation of future revenue growth via their plans to expand their product lines and distribution partnerships. The Group's forecasted 18 month cash flow analysis provides supportive evidence based on the Group's past 12 month results that it will have the ability to continue to support ongoing expenses and grow revenues

However, given the current cash position, there is uncertainty about whether the Group can continue as a going concern.

Should the Group be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different from those stated in the financial report.

The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts nor to the amounts and classification of liabilities that may be necessary should the Group be unable to continue as a going concern.

1.3 Principles of Consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Rapid Nutrition PLC at the end of the reporting period. A controlled entity is any entity over which Rapid Nutrition PLC has the power to govern the financial and operating policies so as to obtain benefits from its activities.

In preparing the consolidated financial statements, all intragroup balances and transactions between entities in the consolidated group have been eliminated in full on consolidation.

RAPID NUTRITION PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

In the company statement of financial position investment in subsidiaries is accounted for at the nominal value of the shares issued on acquisition.

Pooling of Interests on Incorporation of Parent Entity

During the prior period, Rapid Nutrition PLC acquired 100% of the shares in Rapid Nutrition Pty Ltd. As both parties were under common control before and after the transaction, the acquisition was accounted for using pooling of interests method.

Under this method the assets and liabilities of the acquiree are recorded at book value and intangible assets and contingent liabilities are only recognised if they were previously recognised by the acquiree. No goodwill is recorded and expenses of the combination are written off immediately in profit or loss.

After the acquisition, the consolidation is processed as normal, on a line by line basis for revenue, expenses, assets and liabilities.

Subsequent 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 attained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exceptions).

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 remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured in 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 are expensed to the statement of comprehensive income. The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

1.4 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts, returns and value added taxes. The group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the group's activities, as described below. The group bases its estimate of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Sales of goods – wholesale

The group manufactures and sells a range of life science (including weight loss) products in the wholesale market. Sales of goods are recognised when a group entity has delivered products to the wholesaler, the wholesaler has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products. Delivery does not occur until the products have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the wholesaler, and either the wholesaler has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed or the group has objective evidence that all criteria for acceptance have been satisfied. The life science products are often sold with volume discounts; customers have a right to return faulty products in the wholesale market.

RAPID NUTRITION PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

Sales are recorded based on the price specified in the sales contracts, net of the estimated volume discounts and returns at the time of sale. Accumulated experience is used to estimate and provide for the discounts and returns. The volume discounts are assessed based on anticipated annual purchases.

Internet revenue

Revenue from the provision of the sale of goods on the internet is recognised at the point that the risks and rewards of the inventory have passed to the customer, which is the point of dispatch. Transactions are settled by credit or payment card. Provisions are made for internet credit notes based on the expected level of returns, which in turn is based upon the historical rate of returns.

1.5 Finance income

Interest income is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

1.6 Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Depreciation is charged so as to write off the cost or valuation of assets over their estimated useful lives, using the straight line method, on the following bases:

| | |
|---------------------------------|-----|
| Computer equipment | 30% |
| Motor vehicles | 20% |
| Fixture, fittings and equipment | 30% |

1.7 Intangible Assets

Trademarks and licences

Separately acquired trademarks and licences are shown at historical cost. Trademarks and licences acquired in a business combination are recognised at fair value at the acquisition date. Once utilisation commences, trademarks and licences have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of trademarks and licences over their estimated useful lives of 15 to 20 years.

1.8 Research and Development

Research costs are not viewed as separable from development costs. As such, all of these costs are expensed as incurred.

1.9 Financial Assets

Classification

The group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

RAPID NUTRITION PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The group's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the balance sheet.

(c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement within 'other (losses)/gains – net' in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the income statement as part of other income when the group's right to receive payments is established.

Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognised in other comprehensive income. When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement as 'gains and losses from investment securities'.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the income statement as part of finance income. Dividends on available-for-sale equity instruments are recognised in the income statement as part of other income when the group's right to receive payments is established.

Critical accounting – estimates and judgements (financial assets)

In the valuation of certain financial assets, the Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumption that have a significant risk of causing material adjustment to the carrying amounts of financial assets within the next financial year are addressed as follows:

RAPID NUTRITION PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques, and consideration of all available data, to enable the directors to make the best assessment possible. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period.

1.10 Cash & Cash Equivalents

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the consolidated balance sheet, bank overdrafts are shown within borrowings in current liabilities.

1.11 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of finished goods and work in progress comprises design costs, raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Costs of inventories include the transfer from equity of any gains/losses on qualifying cash flow hedges for purchases of raw materials.

1.12 Trade Receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

1.13 Trade Payables

Trade and other payables are recognised when the Group becomes obliged to make future payments resulting from the purchase of goods and services. They are initially recognised at fair value and subsequently at amortised cost using the effective interest rate method. Current liabilities represent those amounts falling due within one year.

1.14 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 and payable. The net amount of GST recoverable from, or payable to, the ATO is included with the receivables or payables in the statement of financial position.

1.15 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

RAPID NUTRITION PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

1.16 Finance Leases

The group leases certain motor vehicles where the group has substantially all the risks and rewards of ownership; these leases are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the statement of profit or loss and other comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The motor vehicles acquired under finance leases are depreciated over the shorter of the useful life of the asset and the lease term.

1.17 Income Tax

Income tax expense or benefit represents the sum of current corporation tax payable and provision for deferred income taxes.

Current income tax payable is based on taxable profit for the period or year. Taxable profit differs from net profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Group's liability for current corporation tax is calculated using tax rates and laws that have been enacted or substantively enacted at the period-end date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the date of the statement of financial position where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

Deferred tax assets are recognised only to the extent that the Directors consider that it is probable that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the period-end date.

1.18 Post Retirement Benefits

A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. Superannuation – the Australian defined contribution pension scheme – is mandated by Australian law and presently set at 9.25% of gross salary payable to an employee.

The group pays contributions to publicly or privately administered pension insurance plans on a mandatory basis. The group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due.

RAPID NUTRITION PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

1.19 Foreign Currencies

Functional and presentation currency

Items included in the financial statements of the Group are measured using the currency of the primary economic environment in which the Group operates ('the functional currency'). The financial statements are presented in Australian dollars, which is the Group's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the dates of the transactions.

Foreign currency monetary assets and liabilities at the reporting date are translated at the exchange rate existing at the reporting date. Exchange differences are recognised in the statement of comprehensive income in the period in which they arise.

1.20 Contributed Equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

If the Company reacquires its own equity instruments, e.g. as the result of a share buy-back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the profit or loss and the consideration paid including any directly attributable incremental costs (net of income taxes) is recognised directly in equity.

1.21 Segment Reporting

Operating segments were reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the steering committee that makes strategic decisions.

1.22 New Accounting Standards for Application in Future Periods

(a) New and amended standards adopted by the group

There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial period beginning on 1 July 2014 that would be expected to have a material impact on the group.

(b) New standards and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning on or after 1 July 2015, and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the financial statements of the group, except the following set out below:

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories:

RAPID NUTRITION PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

1) those measured as at fair value and 2) those measured at amortised cost. The determination is made at initial recognition.

The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The group is yet to assess IFRS 9's full impact and intends to adopt IFRS 9 no later than the accounting period beginning on 1 July 2015. The group will also consider the impact of the remaining phases of IFRS 9 when completed by the Board.

2. Parent Information

Guarantees

Rapid Nutrition PLC has not entered into any guarantees, in the financial period, in relation of the debts of its subsidiary.

Contingent Liabilities

At 30 June 2015, Rapid Nutrition PLC did not have any contingent liabilities.

Contractual Commitments

At 30 June 2015, Rapid Nutrition PLC had not entered into any contractual commitments for the acquisition of property, plant or equipment.

3. Operating Segments

Operating segments must be identified on the basis of internal reports about components of the consolidated entity that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

The group's main reporting channels are its geographical distribution networks, hence the Board (the group's chief operating decision maker) believe that, at 30 June 2015, there were four main segments, with revenue (the financial variable they evaluate performance via) as follows:

| Location | Revenue – year to 30 June 2015 | Revenue – year to 30 June 2014 |
|------------------|-----------------------------------|-----------------------------------|
| Australia | 111,739 | 16,937 |
| USA | 468,188 | 429,961 |
| Turkey & Georgia | 3,344,384 | 483,500 |
| Asia | 1,705,063 | 665,050 |

The remainder of the group's position and performance are considered on a collective basis by the Board; hence the main financial statements are suitable for their analysis.

As a growth company, the Board's focus is brand expansion, of which they consider revenue their key driver.

RAPID NUTRITION PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

4. Revenue

| | 30 June 2015 \$ | 30 June 2014 \$ |
|-------------------|--------------------|--------------------|
| Direct Sales | 111,739 | 16,937 |
| Distributor Sales | 468,188 | 1,578,511 |
| Licensing Fees | 5,049,447 | - |
| | 5,629,374 | 1,595,448 |

5. Operating profit/(loss)

The following items have been included in arriving at the operating loss:

| | 30 June 2015 \$ | 30 June 2014 \$ |
|---|--------------------|--------------------|
| Gains on foreign exchange | 22,037 | 108,455 |
| <i>Expenses:</i> | | |
| Depreciation on property, plant and equipment | 36,163 | 38,238 |
| Directors' remuneration | 150,000 | 150,000 |
| Superannuation contributions (directors) | 13,875 | 13,875 |
| Directors' consulting fees | 35,869 | 19,998 |
| Auditor's remuneration | | |
| - As auditors (for group and subsidiary) | 17,500 | 15,000 |
| - As tax agents (for tax compliance) | 2,500 | 2,500 |

All remuneration payable to the auditors has been disclosed above. No other non-audit services have been provided. No benefits in kind are payable to the auditors.

Contributions to superannuation (money purchase pension schemes) are made on behalf of one director of the group.

RAPID NUTRITION PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

6. Employees

| | 30 June 2015 \$ | 30 June 2014 \$ |
|---|--------------------|--------------------|
| Staff costs for the Group during the period: | | |
| Wages and salaries | 250,000 | 250,000 |
| Other pension costs | 23,125 | 23,125 |
| | 273,125 | 273,125 |

The average monthly number of staff (including executive Directors) employed by the Group during the period amounted to:

| | 30 June 2015 | 30 June 2014 |
|------------------|--------------|--------------|
| Management staff | 4 | 4 |

The company retains contract staff on a commission basis as needed. This enables rapid expansion of the company's presence on the ground in new markets, to establish the sales network and facilitate rapid growth.

7. Taxation

| | 30 June 2015 \$ | 30 June 2014 \$ |
|---|--------------------|--------------------|
| Current Tax | | |
| Current tax on profits in the period | 254,344 | - |
| Deferred Tax | | |
| Origination of temporary timing differences | (46,878) | 286,019 |
| Income Tax Expense | 207,466 | 286,019 |

The tax charge for the year is on Australian profits. Profit before the tax for the year was \$1,141,073. \$293,561 of brought forward losses were extinguished, after which a tax charge was estimated at 30%.

The deferred tax charge shown relates to the unrealised gain recognised on financial assets held at 30 June 2015. It is due to temporary timing differences between the recognition of the gain and the charging of tax.

RAPID NUTRITION PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

Factors affecting current UK tax charge

The effective rate of tax for the period is lower than the standard rate of corporation tax in the UK of 20.75% (2014: 22.5%). The differences are explained below:

| | 30 June 2015 \$ | 30 June 2014 \$ |
|--|--------------------|--------------------|
| Profit/(Loss) before taxation | 1,141,073 | 2,032,922 |
| Profit on ordinary activities multiplied by the standard rate of tax in the UK of 20.75% (2014: 22.5%) | 236,773 | 457,407 |
| Excluded (gain)/loss (incurred solely in Australia) | (235,312) | (120,991) |
| Income adjustments (unrealised gains) | (1,461) | (374,613) |
| Losses carried forward | - | 38,196 |
| Total current tax (from UK operations) | - | - |

HM Revenue & Customs have announced a reduction in the rate of corporation tax to 20% for the period from 1 April 2015.

8. Cash and cash equivalents - group

| | 30 June 2015 \$ | 30 June 2014 \$ |
|--------------|--------------------|--------------------|
| Cash at bank | 45,059 | 4,441 |

Cash at bank is included as cash and cash equivalents in connection with the statement of cash flows.

When in overdraft, this balance is included in trade and other payables.

9. Trade and other receivables - group

| | 30 June 2015 \$ | 30 June 2014 \$ |
|-------------------|--------------------|--------------------|
| Trade receivables | 74,348 | 1,581,352 |

RAPID NUTRITION PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

10. Prepayments

| | 30 June 2015 | 30 June 2014 |
|------------------------|--------------|--------------|
| | \$ | \$ |
| Advertising prepayment | 2,590,067 | - |

The prepaid amount relates to advertising in support of the European rollout, for the year to 30 June 2016.

11. Inventory - group

| | 30 June 2015 | 30 June 2014 |
|----------------|--------------|--------------|
| | \$ | \$ |
| Finished goods | 124,993 | 43,829 |

12. Financial assets – group and parent company

Financial assets measured at fair value through profit or loss

Financial assets held for trading:

- Investments in equity instruments held for trading

| | 30 June 2015 | 30 June 2014 |
|-----------------------------------|--------------|--------------|
| | \$ | \$ |
| Held for Trading Motivideo Shares | 4,835,704 | 4,828,662 |

Shares held for trading are traded for the purpose of short term profit taking. Changes in fair value are included in the statement of profit or loss and other comprehensive income.

Reconciliation of year end balance:

| | |
|------------------------|-----------|
| Unrealised gains: | \$ |
| - Brought forward | 4,828,662 |
| - Gain to 30 June 2015 | - |
| Foreign exchange gain | 7,042 |
| Value at period end | 4,835,704 |

RAPID NUTRITION PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

13. Investments

| | 30 June 2015 | 30 June 2014 |
|-----------------------------|--------------|--------------|
| | \$ | \$ |
| Investment in MySports GmbH | 407,353 | - |

As part of the Group's long term vision, it acquired a 15% strategic stake in MySports GmbH, an up and coming German sportswear supplier. The acquisition terms provide for the Group the option to increase its stake to a controlling interest in the future.

14. Property, plant and equipment - group

| | Motor Vehicles \$ | Computer Equipment \$ | Fixtures, fittings and equipment \$ | Total \$ |
|--|-------------------------|-----------------------------|--|----------------|
| Cost | | | | |
| As at 1 July 2014 | 176,928 | 10,497 | 10,860 | 198,285 |
| Additions | - | 3,888 | - | 3,888 |
| At 30 June 2015 | 176,928 | 14,385 | 10,860 | 202,173 |
| Depreciation | | | | |
| As at 1 July 2014 | 136,220 | 10,497 | 10,860 | 157,577 |
| Charge for the period | 35,386 | 777 | - | 36,163 |
| At 30 June 2015 | 171,606 | 11,274 | 10,860 | 193,740 |
| Net book amount at 30 June 2015 | 5,322 | 3,111 | - | 8,433 |

RAPID NUTRITION PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

15. Intangible Assets - group

| | 30 June 2015 \$ | 30 June 2014 \$ |
|------------------------|--------------------|--------------------|
| Intellectual property | 2,105 | 2,105 |
| Advertising receivable | 223,026 | 226,500 |
| | 225,131 | 228,605 |

At 30 June 2015, the group's main product launch for which the above intellectual property was acquired had not yet taken place, thus no amortisation has yet been charged.

During the prior year, the group made an initial payment to an advertising provider in the USA, in a deal which could eventually net \$10m in advertising spend on the group's behalf. As this is considered an asset from which future benefits are expected to flow, it has been classified as an intangible.

16. Trade and other payables – current - group

| | 30 June 2015 \$ | 30 June 2014 \$ |
|---------------|--------------------|--------------------|
| Credit card | 3,181 | 22,673 |
| Accruals | - | 103,602 |
| Accrued wages | 577,463 | 405,813 |
| | 580,644 | 532,088 |

17. Borrowings - group

| | 30 June 2015 \$ | 30 June 2014 \$ |
|--------------------------------------|--------------------|--------------------|
| Loans from related parties (Note 24) | 119,966 | 10,165 |
| Other Loans | 1,089,900 | 1,252,342 |
| Current Hire Purchase Liability | 20,844 | 20,844 |
| Less: Current Hire Purchase Interest | (3,553) | (4,661) |
| | 1,227,157 | 1,278,690 |

The amount in other loans is a short term loan provided by J&J Smith, shareholders in the Company. The loan is unsecured and subject to interest at 6.5% per annum.

RAPID NUTRITION PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

18. Deferred tax liability – group and parent company

| | 30 June 2015 \$ | 30 June 2014 \$ |
|------------------------|--------------------|--------------------|
| Deferred tax liability | 967,141 | 1,014,019 |

The deferred tax liability has been calculated in relation the financial asset held by the parent company (and group) – see Note 12.

19. Non-current borrowings - group

| | 30 June 2015 \$ | 30 June 2014 \$ |
|----------------------------------|--------------------|--------------------|
| Hire purchase Liability > 1 year | 55,521 | 76,364 |
| Hire purchase interest > 1 year | (3,301) | (5,997) |
| | 52,220 | 70,367 |

20. Contributed equity – group and parent company

| | 30 June 2015 Securities | 30 June 2014 Securities | 30 June 2015 \$ | 30 June 2014 \$ |
|-------------------------------|-------------------------------|-------------------------------|-----------------------|-----------------------|
| Ordinary shares of £1 each | 23,265,104 | 23,265,104 | 27,084,376 | 27,198,165 |
| Ordinary shares of £0.10 each | - | - | - | - |
| Cost of issued shares | - | - | - | (113,789) |
| | 23,265,104 | 23,265,104 | 27,084,376 | 27,084,376 |

The holder of the ordinary shares is entitled to one vote per share at any meeting of the Company whether in person or by proxy. The holder is entitled to receive dividends declared from available profits and to the surplus of assets on a winding up.

RAPID NUTRITION PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

21. Retained Earnings

a) Group

| | 30 June 2015 | 30 June 2014 |
|-------------------------|---------------------|---------------------|
| | \$ | \$ |
| Balance brought forward | 3,106,575 | 1,359,672 |
| Profit for the period | 933,607 | 1,746,903 |
| Balance carried forward | 4,040,182 | 3,106,575 |

b) Parent company

| | 30 June 2015 | 30 June 2014 |
|-------------------------|---------------------|---------------------|
| | \$ | \$ |
| Balance brought forward | (22,647,298) | (24,072,478) |
| Profit for the period | (54,093) | 1,425,180 |
| Balance carried forward | (22,701,391) | (22,647,298) |

22. Intercompany loan – parent company

| | 30 June 2015 | 30 June 2014 |
|-------------------------|---------------------|---------------------|
| | \$ | \$ |
| Balance brought forward | 616,544 | - |
| Services provided | - | 616,544 |
| Other movement | 80,974 | - |
| Balance carried forward | 697,518 | 616,544 |

RAPID NUTRITION PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

23. Investment in subsidiary

a) Group

The group controlled 100% of the share capital of its direct subsidiary, Rapid Nutrition Pty Ltd in the current and prior period. The results of this subsidiary have been consolidated on a line by line basis into the consolidated financial statements.

b) Parent company

Value of investment in subsidiary

| | 30 June 2015 | 30 June 2014 |
|--------------------------|---------------------|---------------------|
| | \$ | \$ |
| Value of shares held | 26,509,688 | 26,509,688 |
| Provision for impairment | (26,509,688) | (26,509,688) |
| Balance at year end date | - | - |

Please note, provisions are reversible in future years, depending on results and growth.

RAPID NUTRITION PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

24. Related party transactions

| Name (relationship) | Transaction | Amount | | Amount due from/(to) related party | |
|----------------------------|------------------------------------|------------|------------|---------------------------------------|------------|
| | | 2015 \$ | 2014 \$ | 2015 \$ | 2014 \$ |
| Rapid Nutrition (India) | Revenue | - | - | - | - |
| | Loan receivable | - | - | - | 285,997 |
| M&M Management Pty Ltd | Stock introduced | - | 360,352 | - | - |
| | Advertising spend received | - | 226,500 | - | - |
| JBG Corp Pty Ltd | Salaries | 78,350 | 7,577 | (577,463) | (405,813) |
| | Loan funds | - | - | (119,967) | (10,165) |
| | Income Transmitted ¹ | 5,049,447 | - | - | - |
| Health-E-Nominees | Consultancy Expenses | 15,000 | 19,998 | - | - |
| Richard Serbin | Consultancy Expenses | 20,869 | - | - | - |

¹ During the year, monies received from Biolynx and Rapid Nutrition Asia were remitted to the Group via JBG Corp Pty Ltd.

Nature of related parties

One of the directors of Rapid Nutrition Private Limited (India) is Vaidyanathan Nateshan, former director of Rapid Nutrition PLC.

M&M Management Pty Ltd and JBG Corp Pty Ltd are companies controlled by the director of Rapid Nutrition, Simon St Ledger and his related parties.

Health-E-Nominees is a company controlled by Malcolm Sinclair, current director of Rapid Nutrition PLC.

Mr Richard Serbin is a director of Rapid Nutrition PLC.

Transactions with related parties

All transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties.

RAPID NUTRITION PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

24. Related party transactions (continued)

Key Management Personnel

All transactions with key management personnel (the directors) during the year ended 30 June 2015 are disclosed below:

| | <i>Salary</i> | <i>Superannuation</i> | <i>Consultancy Fees</i> | <i>Total</i> |
|------------------------------|---------------|-----------------------|-------------------------|----------------|
| Simon St Ledger ¹ | 150,000 | 13,875 | - | 163,875 |
| Vaidyanathan Nateshan | - | - | - | - |
| Malcolm Sinclair | - | - | 15,000 | 15,000 |
| Richard Serbin | - | - | 20,869 | 20,869 |

¹ – Simon St Ledger's employment terms, as formalised by board resolution, specify a salary of \$150,000 per year. During the year to 30 June 2015, \$78,350 was paid. The remainder is outstanding at the year end.

During the period, there were no advances, credits or guarantees subsisting on behalf of the directors.

25. Commitments and contingencies

At 30 June 2015 the Group did not have any contingencies.

At 30 June 2015 the Group had the following obligations under non-cancellable finance leases:

| | 30 June 2015 \$ | 30 June 2014 \$ |
|---|----------------------------------|----------------------------------|
| Finance lease commitments | | |
| Payable – minimum lease payments | | |
| - Not later than 12 months | 20,844 | 20,844 |
| - Between 12 months and 5 years | 55,521 | 76,364 |
| Minimum lease payments | 76,365 | 97,208 |
| (Less future finance charges) | (6,854) | (10,658) |
| Present value of minimum lease payments | 69,511 | 86,550 |

The finance leases are on motor vehicles which commenced in June 2012. They are 5 year leases with equal payments throughout the lease term, and one balloon payment at the end.

These liabilities are secured against the motor vehicles that they were used to acquire – two Ford Territory 4WD vehicles.

RAPID NUTRITION PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

26. Reconciliation of operating profit to net cash outflow from operations

| | 30 June 2015 \$ | 30 June 2014 \$ |
|--|--------------------|--------------------|
| Operating profit | 1,141,073 | 368,801 |
| Depreciation | 36,163 | 38,238 |
| Loss on foreign exchange (non-cash) | (7,042) | - |
| Share based payments | 193,022 | - |
| (Increase)/decrease in Receivables | 1,793,909 | (1,169,250) |
| (Increase)/decrease in Prepayments | (2,590,067) | - |
| (Increase)/decrease in Inventory | (81,164) | 117,139 |
| Increase/(decrease) in Payables | 48,556 | 357,073 |
| Increase/(decrease) in Other borrowings (non-cash) | (13,768) | - |
| Net cash outflow from operations | 520,682 | (287,999) |

27. Financial risk management

The Group's financial instruments consist mainly of deposits with banks, accounts receivable and payable & loans from related parties.

The Group's financial instruments at 30 June 2015 were classified as follows:

| | Note | 30 June 2015 \$ | 30 June 2014 \$ |
|-------------------------------|--------|--------------------|--------------------|
| Financial assets | | | |
| Cash and cash equivalents | 8 | 45,059 | 4,441 |
| Trade and other receivables | 9 | 74,348 | 1,581,352 |
| Financial assets | 12 | 4,835,704 | 4,828,662 |
| Total financial assets | | 4,995,111 | 6,414,455 |
| Financial liabilities | | | |
| - Trade and other payables | 16 | 580,644 | 532,088 |
| - Borrowings | 17, 19 | 1,227,157 | 1,278,690 |
| | | 1,547,785 | 1,367,578 |

Fair value versus carrying amounts

All items shown in the preceding table as either financial assets or financial liabilities are short term instruments whose carrying value is equivalent to the fair value. There is not considered to be a material difference between the fair value and the carrying value.

RAPID NUTRITION PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

27. Financial risk management (continued)

Specific Financial Risk Exposures and Management

The Group's activities expose it to a number of financial risks that include market risk, credit risk and liquidity risk.

(a) Market Risk

i) Foreign exchange risk

The Group's main financial asset – shares held at fair value through the profit and loss – are denominated in Euros, so the risk of any adverse movement in the foreign currency exchange rates is borne by the Group.

As at 30 June 2015, if the Euro had strengthened/weakened by 5% against the Australian dollar with all other variables held constant, comprehensive income for the period and assets would have been \$241,785 higher/lower, as a result of foreign exchange gains/losses on transaction of the financial asset.

ii) Interest rate risk

The Group had interest-bearing liabilities during the period, but is not exposed to interest rate risk because the interest rates on their liabilities are set by private agreement, not by reference to market rates. The group does not have any liabilities to financial institutions at 30 June 2015. As such, sensitivity analysis with regard to movements in interest rates would not be meaningful.

(b) Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance of counter-parties of contract obligations that could lead to financial losses to the group.

Credit risk exposures

The Group had no significant concentrations of credit risk. For loans receivable and payable, please refer to Note 9 – Trade and Other Receivables & Note 17 - Borrowings. Loans are unsecured and have no fixed repayment date.

(c) 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. The Group manages this risk through careful cash management policies. In order to meet its short term obligations, the Group has the support of several key shareholders who are willing to provide funds to the Group on an as-needed basis.

28. Share Based Payments

No share options have been granted to employees or directors.

RAPID NUTRITION PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

29. Earnings per share

The following reflects earnings and share data used in the earnings per share calculation.

| | 30 June 2015 \$ | 30 June 2014 \$ |
|-----------------------------------|--------------------|--------------------|
| Profit for the year | 933,607 | 1,746,903 |
| Weighted average number of shares | 23,265,104 | 23,265,104 |

There were no instruments (e.g. redeemable preference shares or share options) in issue as at 30 June 2015 that could potentially dilute earnings per share in the future.

30. Subsequent Events

On 10 July 2015, Rapid Nutrition PLC signed a letter of intent with a USA Nutraceutical Company, signalling its plans to acquire the Company, as part of its plans to create a successful vertically integrated group. Since that date, the directors have been undertaking detailed due diligence of the target, with a view to completion in the 2015/16 financial year.

Other than as disclosed above, the directors are not aware of any significant events since the end of the reporting period.

31. Company Details

The registered office of Rapid Nutrition PLC is:

2nd Floor
145-157 St. John Street
London
England
EC1V 4PW

The principal place of business is:

40-46 Nestor Drive
Meadowbrook QLD 4131
Australia