



7 November 2019

The Manager  
Market Announcements Office  
Australian Securities Exchange  
Exchange Centre  
20 Bridge Street  
SYDNEY NSW 2000

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## OBJ EXECUTES AGREEMENT TO ACQUIRE NUTRITION SYSTEMS

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### Highlights:

- OBJ has entered into a share sale agreement pursuant to which it has conditionally agreed to acquire 100% of the issued share capital of Export Corporation (Australia) Pty Ltd, the owner and operator of the Nutrition Systems business, which includes Nutrition Systems NZ Pty Limited and Nutrition Zone WA Pty Ltd.
- Nutrition Systems is a highly profitable distributor and wholesaler of nutritional wellness products in Australia and New Zealand – focus on highest quality sports nutrition products from the USA.
- The acquisition will strengthen the growth of OBJ by positioning it closer to both its target markets and the end consumer through Nutrition Systems extensive distribution network of specialty stores, major pharmacy and grocery chains throughout Australia and New Zealand. It will also allow the Nutrition Systems business to access OBJ's technology platforms and manufacturing expertise.
- Total acquisition consideration of \$85m of which \$50m to be satisfied with cash and \$35m in equity – full details below.
- Acquisition of Nutrition Systems includes purchase of associated NSW distribution centre (\$12m) plus stock and debtors (approximately \$23m) as part of the total purchase consideration.
- Proposed 20-to-1 consolidation of OBJ Shares.
- Proposed capital raising of up to \$50m via the issue of up to 166,666,667 Shares at an issue price of \$0.30 per Share on a post-consolidation basis.
- Upon settlement, OBJ proposes to change the Company's name to Wellfully Limited.
- The Company will remain suspended from the date of this announcement until re-compliance with Chapters 1 and 2 of the ASX Listing Rules.

The Board of OBJ Limited (ASX: OBJ) (**OBJ** or **the Company**) is pleased to announce it has entered into a share sale agreement (**Agreement**) pursuant to which it has agreed, subject to satisfaction of certain conditions precedent, to acquire 100% of the shares in Export Corporation (Australia) Pty Ltd (**Export Corporation** or **Nutrition Systems**), the owner and operator of Nutrition Systems, a leading distributor of nutrition products (**Acquisition**).





## Background on Export Corporation and its Business

Export Corporation undertakes the business of distribution and wholesale of nutritional wellness products in Australia and New Zealand, under the business name "Nutrition Systems". Established in 1991, Nutrition Systems was one of the first companies in Australia to import health, wellness and sports nutritional products from the United States of America. For over 25 years, Nutrition Systems has been importing and distributing the highest quality sports nutrition products from the USA, with a focus on the most innovative and effective products.

## Export Corporation's Business

Nutrition Systems distributes some of the world's leading nutritional wellness brands including Cellucor, Scivation, Muscle Pharm, ProSupps, Ghost, GAT Sports, BPI, Lenny & Larry's and Quest Nutrition.

Nutrition Systems distributes its products through major grocery and pharmacy platforms including Woolworths, IGA, Coles and Costco, Chemist Warehouse and Terry White Chemists, convenience stores, including Caltex and EzyMart, and hundreds of speciality health and wellness retailers and online, including Nutrition Zone, Elite Supplements, Supps R Us and Supplement Mart. Nutrition Systems maintains an efficient distribution network with next-day delivery to most customers.

In addition to its distribution activities, Nutrition Systems undertakes extensive and ongoing product research and development of sports nutrition products.

Nutrition Systems operates over 9,000 metres<sup>2</sup> of distribution facilities in Australia and New Zealand and currently employs more than 60 staff. Nutrition Systems has a nationwide sales team of experienced in-field account managers and in-house customer service representatives which provide customer service, product training, merchandising and promotional support.

Nutrition Systems also undertakes an in-house content production, public relations and regulatory team with significant expertise relating to the products it distributes. Its flagship magazine "Inside Fitness" has a circulation of 20,000 copies per issue. Nutrition Systems actively sponsors major state and national sporting organisations including the Perth Wildcats, Sydney Roosters, in Australia, and the Hurricanes and New Zealand Warriors, in New Zealand.

In addition to the logistic infrastructure and expertise, Nutrition Systems maintains an internal and external compliance team dedicated to ensuring product safety, efficacy and compliance with the regulations of the Therapeutic Goods Administration.

## Current Activities of OBJ

The Board considers that the Acquisition of Nutrition Systems will complement the Company's existing operations and is in line with the Board's strategy to strengthen the Company's trading aspect within the health and wellness space. The Acquisition of Nutrition Systems will also bring OBJ closer to its target markets and the consumer.

However, given the nature and scale of Nutrition Systems' activities and the scale impacts of the Acquisition on OBJ, in this circumstance, the Company will be required, pursuant to Listing Rule 11.1.2, to obtain approval from OBJ's shareholders at a general meeting. The Company will also be required, pursuant to Listing Rule 11.1.3, to re-comply with Chapters 1 and 2 of the Listing Rules. If shareholder approval pursuant to Listing Rule 11.1.2 is not obtained, the Acquisition will not proceed.



The Company is continuing to undertake appropriate enquires into the assets and liabilities, financial position and performance, profits and losses, and prospects of Nutrition Systems to be satisfied that the Acquisition is in the interests of the Company and its shareholders. As noted in section 2 below, settlement of the Acquisition remains subject to satisfaction of a number of conditions, including a due diligence condition precedent.

The Company does not intend to cease or dispose of any of its existing business and operations.

## Consolidation

As part of the Acquisition and the Company's proposed re-compliance with Chapters 1 and 2 of the Listing Rules, the Company will be required to consolidate its issued capital to facilitate a theoretical share price of at least \$0.20. Accordingly, in this circumstance, the Company proposes to consolidate its issued capital on the basis that every twenty (20) securities will consolidate into one (1) security (**Consolidation**) subject to OBJ shareholders' approval.

## Acquisition Terms

Pursuant to the Agreement, OBJ has agreed to acquire 100% of the issued share capital in Export Corporation, subject to the satisfaction or waiver of certain conditions precedent (summarised in section 2 below). The sole shareholder of Export Corporation is not associated with the Company or its existing Directors. As part of the Acquisition, OBJ will also acquire a property in New South Wales used in connection with the operation of the Nutrition Systems business from an entity associated with Export Corporation. Entry into the property sale contract is a condition precedent to settlement of the Acquisition (**Settlement**).

A summary of the key terms of the Agreement is set out below. The Agreement also contains indemnities, representations and warranties granted by and to OBJ and other terms considered standard for an agreement of this type.

### 1. Consideration

Subject to satisfaction or waiver of the conditions precedent to the Acquisition, in consideration for acquiring 100% of Export Corporation's shares from its sole shareholder and a property in New South Wales used in connection with the operation of the Nutrition Systems business from an entity associated with Export Corporation, the Company has agreed to pay total consideration of \$85m satisfied by a combination of cash payments and the issue of ordinary shares in the capital of OBJ (**Shares**), both at Settlement and on a deferred basis. The consideration will comprise:

- A cash component of \$38m payable as follows:
  - a \$28m cash payment to be made at Settlement;
  - a \$5m cash payment to be made 12 months after Settlement; and
  - a \$5m cash payment to be made 24 months after Settlement.
- A cash component of \$12m, with payment to be made at Settlement, specifically to acquire a property in New South Wales used in connection with the operation of the Nutrition Systems business from an entity associated with Export Corporation.

- An equity component of \$35m in Shares (Equity Consideration) as follows:
  - \$10m worth of Shares (on a post-Consolidation basis) issuable 12 months after Settlement (unless otherwise agreed by the parties) with a deemed issue price of the higher of the 30-day VWAP of OBJ Shares calculated for the period ending on the Business Day before the date of issue and 80% of the issue price of Shares under the Capital Raising (defined below) (**Floor Price**);
  - \$10m worth of Shares (on a post-Consolidation basis) issuable 24 months after Settlement (unless otherwise agreed by the parties) with a deemed issue price of the higher of the 30-day VWAP of Shares calculated for the period ending on the business day before the date of issue and the Floor Price; and
  - up to \$15m worth of Shares (on a post-Consolidation basis) issuable 36 months after Settlement (unless otherwise agreed by the parties) with a deemed issue price of the higher of the 30-day VWAP of Shares calculated for the period ending on the business date before the date of issue and the Floor Price.

The parties may mutually agree that the Company may pay a cash alternative for the Equity Consideration at any time mutually agreed between the parties.

The third tranche of the Equity Consideration is subject to performance adjustments, which may lead to a lesser number of Shares being issued 36 months after Settlement.

In addition to the aforementioned NSW property, valued at \$12m, the transaction will see OBJ acquire stock and debtors of approximately \$23m.

## 2. Conditions Precedent

Settlement of the Acquisition is subject to of the following conditions precedent:

- **(Due Diligence)**: completion of due diligence on Export Corporation and its business by the Company to its satisfaction;
- **(Shareholder Approvals)**: the Company obtaining the following shareholder approvals:
  - approval of the Consolidation;
  - approval of the change in nature and scale of the OBJ's activities;
  - approval for the issue of the Shares the subject of the Capital Raising;
  - approval for the issue of the Equity Consideration;
  - approval under item 7 of section 611 of the Corporations Act 2001 (Cth) (**Corporations Act**); and
  - approval for the issue of any securities by the Purchaser to advisers associated with the Capital Raising;
- **(Property Sale Agreement)**: the execution of the sale agreement for the purchase of the NSW property;
- **(Employment Agreement)**: the execution of an employment or contractor agreement between Export Corporation and Danny Pavlovich;
- **(Capital Raising)**: the Company raising not less than \$40m via the issue of Shares, subject to shareholders' approval;
- **(Conditional approval)**: receipt of conditional approval from ASX for the re-quotation of the Shares, on conditions satisfactory to OBJ;

- **(Escrow arrangements):** the vendor of Export Corporation entering into escrow arrangements, if any, in respect of the Equity Consideration, as required under the ASX Listing Rules or by the ASX; and
- **(Material Adverse Effect):** no material adverse effect in relation to Export Corporation having occurred before the date of Settlement).

If the conditions precedent to settlement of the Acquisition are not all fulfilled or waived by that date, which is 3 months after execution of the Agreement, then unless otherwise agreed by the parties in writing, the Agreement shall be deemed to be at an end and of no force or effect with none of the parties being subject to any of the obligations contained in the Agreement and with no party claiming any rights at law or equity against any other party, save for the performance of those covenants and agreements (if any) which should have been performed and all damages for breach of the same.

### Capital Raising

The Company proposes to undertake a capital raising of up to \$50m (with a minimum of subscription of \$40m) through a placement of up to 166,666,667 post-Consolidation Shares at an issue price of \$0.30 per Share on a post-Consolidation basis (**Capital Raising**) for the purposes of completing the Acquisition. The Capital Raising will be undertaken by way of a full-form prospectus.

The Company also proposes to seek a debt facility of up to \$20m.

### OBJ Shareholder Approval and Terms of Securities

A general meeting is proposed to be convened to approve the change in activities (pursuant to Listing Rule 11.1.2) referred to above, as arising from the Acquisition, the Capital Raising, the Consolidation and associated business (**General Meeting**).

### Substantial Shareholdings as a Result of the Acquisition

As a result of the Acquisition, assuming that all of the Equity Consideration is issued, Danny Pavlovich, the sole shareholder of Export Corporation, will acquire voting power in OBJ of more than 20%. The Company will seek shareholder approval for the issue of the Equity Consideration pursuant under item 7 of section 611 of the Corporations Act for this purpose.

### Changes to OBJ Board

It is proposed that Danny Pavlovich, the vendor of Export Corporation, will join the current OBJ Board upon settlement of the Acquisition. OBJ will seek shareholder approval for the election of Mr Pavlovich at the General Meeting.

#### Danny Pavlovich



Mr Pavlovich is the Chief Executive Officer of Nutrition Systems. A former elite athlete, he has grown Nutrition Systems from infancy to a multi-national distribution company with over 9000m<sup>2</sup> of distribution capacity. Mr Pavlovich was the first person to import US Sports Supplements into Australia for distribution and sees great opportunity in the sports and wellness market both locally and internationally. Nutrition Systems products are widely known throughout Australia and New Zealand and can be found in large grocery and pharmacy chains, Woolworths, Coles, Chemist Warehouse, Costco and hundreds of specialty stores.

If elected, the Board does not consider Mr Pavlovich will be an independent director given he will become a substantial Shareholder upon completion of the Acquisition.



## Change of Name

Upon settlement of the Acquisition, the Company proposes to change its name to “Wellfully Limited”. The Company will seek shareholder approval for the proposed change of name at the General Meeting.

# WELLFULLY

## Fees Payable as Part of the Acquisition

- Agreement with Lead Manager to the Capital Raising**

OBJ has engaged TTB Partners, based in Hong Kong, as lead manager to provide corporate advisory and services in relation to the Capital Raising. The Company proposes to pay TTB Partners a 5% fee on the total funds raised under the Capital Raising upon completion of the Acquisition, in consideration for those services.

- Introduction fees**

In addition, a cash fee of 1.75% of the total consideration for the Acquisition will be payable by the Company to Gratia Australia Pty Ltd upon settlement of the Acquisition as a fee for introducing the parties.

## Indicative Timetable

Event	Date
Send Notice of General Meeting seeking approval for issue of Shares as consideration for the Acquisition and the Capital Raising	21 November 2019
OBJ shareholder meeting	20 December 2019
Satisfaction (or waiver) of other conditions precedent	17 January 2020
Settlement of Acquisition	24 January 2020
Completion of re-compliance with Chapters 1 and 2	7 February 2020

The above timetable is indicative only and subject to change.

## Effect of Acquisition on Capital Structure

Set out below is the indicative capital structure of the Company following completion of the Acquisition and associated Capital Raising. The anticipated capital structure of the Company is only an estimate and is subject to variation.

	Shares
<b>PRE-CONSOLIDATION</b>	
Current issued capital	1,809,462,635
<b>POST-CONSOLIDATION</b>	
On issue upon completion of Consolidation	90,473,132
Capital Raising (to be conducted on a post-Consolidation basis) <sup>1</sup>	166,666,667
Shares to be issued in consideration for Acquisition <sup>2</sup>	116,666,667
<b>TOTAL<sup>1,2</sup></b>	<b>373,806,466</b>



**Notes:**

1. If the minimum of \$40m is raised under the Capital Raising, 133,333,334 Shares will be issued (assuming an issue price of \$0.30 per Share on a post-Consolidation basis).
2. As set out in section 1, the Equity Consideration will be issued in three tranches – 12, 24 and 36 months after Settlement. This figure assumes that \$10m worth of Shares are issued 12 months after Settlement at a deemed issue price of \$0.30 per Share, \$10m worth of Shares are issued 24 months after Settlement at a deemed issue price of \$0.30 per Share and \$15m worth of Shares are issued 36 months after Settlement at a deemed issue price of \$0.30 per Share. The third tranche of the Equity Consideration is subject to performance adjustments which may lead to a lesser number of Shares being issued 36 months after Settlement

**Indicative Use of Funds Table**

It is proposed that the Company's existing cash reserves (together with funds raised under the Capital Raising) will be applied in the 12 months following Settlement as follows:

Item	Amount (Minimum Capital Raising of \$40 million)	Amount (Maximum Capital Raising of \$50 million)
Cash consideration for the Acquisition <sup>1</sup>	\$40,000,000	\$40,000,000
Expenditure on the Company's existing activities	\$0	\$2,562,500
Working capital and corporate administration	\$0	\$3,062,500
Costs of the Acquisition <sup>4</sup>	\$0 <sup>3,4,5</sup>	\$4,375,000
<b>Total<sup>2,3,4</sup></b>	<b>\$40,000,000</b>	<b>\$50,000,000</b>

**Notes:**

1. Consisting of the initial cash payment of \$40m due at Settlement, being \$28m payable to the Vendor and \$12m for acquisition of the New South Wales property.
2. Assumes Export Corporation is self-funding.
3. If the Company does secure a debt facility of up to \$20m, these funds will be used towards payment of the costs of the Acquisition if only the minimum Capital Raising is reached, geographic expansion and product manufacturing facility establishment.
4. Costs of the Acquisition and Capital Raising, and associated advisory and experts' fees, are estimated to be \$3.875m based on the minimum Capital Raising and \$4.375m based on the maximum Capital Raising. Costs of the Acquisition represent approximately 5.15% of the transaction value.
5. The balance of the costs of the Acquisition and Capital Raising, estimated to be \$3.285m based on the minimum Capital Raising, will be funded by the debt facility referred to in Note 3 above.

**Key Risks Relating to Export Corporation's business**

Key risks associated with the Nutrition Systems business are set out below.

- **Foreign Exchange Fluctuation**

Nutrition Systems imports the majority of its wellness products for distribution in Australia from the USA. Nutrition Systems may be exposed to rapid and material movements in exchange rates, which could affect its earnings, balance sheet and cash position.

- **Importation of Stock from Overseas**

Nutrition Systems business depends on the timely importation of products from the United States of America. A delay in the importation of products could result in a materially adverse effect on the Company's future business, operating results and financial position. Nutrition Systems mitigates this risk by advance ordering inventory greater than six months taking into account foreign exchange and trade discounts offered.



- **Competition**

There is significant competition in the nutritional wellness industry generally. Nutrition Systems' financial performance and overall success in the market rests upon the successful implementation of strategies to compete with other highly competitive businesses. If Nutrition Systems may be unable to compete successfully against future competitors where aggressive policies are employed to capture market share. Such competition could result in price reductions, reduced gross margins and loss of market share, any of which could materially adversely affect the Company's future business, operating results and financial position.

- **Trading Relationships with Major Customers**

Nutrition Systems' ability to efficiently conduct its operations in a number of respects depends upon a number of contracts with major customers. As in any contractual relationship, the ability for Nutrition Systems to ultimately receive the benefit of the contract is dependent upon the relevant third party complying with its contractual obligations.

- **Reliance on Key Personnel**

Nutrition Systems' future depends, in part, on its ability to attract and retain management and key personnel who are responsible for overseeing the day-to-day operations of Nutrition Systems. Nutrition Systems' future also depends on the continued contributions of its executive management team and other key management personnel, the loss of whose services would be difficult to replace.

### **Pro Forma Balance Sheet**

An indicative pro forma balance sheet showing the indicative effect on the Company of the Acquisition and associated Capital Raising is set out in Schedule 1.

### **Accounts of Export Corporation**

A copy of the reviewed half-year accounts of Export Corporation for the half-year ended 31 December 2018 is set out in Schedule 2.

### **Other Disclosures**

- OBJ is required to re-comply with ASX's requirements for admission and quotation and therefore the Acquisition may not proceed if those requirements are not met.
- ASX has an absolute discretion in not deciding whether or not to re-admit the Company to the official list and to quote its securities and therefore the Acquisition may not proceed if ASX exercises that discretion.
- Investors should take account of these uncertainties in deciding whether or not to buy or sell OBJ's securities.
- ASX takes no responsibility for the contents of this announcement.
- OBJ confirms it is in compliance with its continuous disclosure obligations under Listing Rule 3.1.





**For more information please contact:**

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### **Important Notice**

Some of the statements appearing in this announcement may be in the nature of forward-looking statements. You should be aware that such statements are only predictions and are subject to inherent risks and uncertainties. Those risks and uncertainties include factors and risks specific to the industries in which OBJ operates and proposes to operate as well as general economic conditions, prevailing exchange rates and interest rates and conditions in the financial markets, among other things. Actual events or results may differ materially from the events or results expressed or implied in any forward-looking statement. No forward-looking statement is a guarantee or representation as to future performance or any other future matters, which will be influenced by a number of factors and subject to various uncertainties and contingencies, many of which will be outside OBJ's control.

OBJ does not undertake any obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after today's date or to reflect the occurrence of unanticipated events. No representation or warranty, express or implied, is made as to the fairness, accuracy, completeness or correctness of the information, opinions or conclusions contained in this announcement. To the maximum extent permitted by law, none of OBJ, its Directors, employees, advisors or agents, nor any other person, accepts any liability for any loss arising from the use of the information contained in this announcement. You are cautioned not to place undue reliance on any forward-looking statement. The forward-looking statements in this announcement reflect views held only as at the date of this announcement.

This announcement is not an offer, invitation or recommendation to subscribe for, or purchase securities by OBJ. Nor does this announcement constitute investment or financial product advice (nor tax, accounting or legal advice) and is not intended to be used for the basis of making an investment decision. Investors should obtain their own advice before making any investment decision. By reviewing or retaining this announcement, you acknowledge and represent that you have read, understood and accepted the terms of this important notice.

### Schedule 1 – Pro Forma Balance Sheet

	Notes	Audited Consolidated 30 June 2019	Unaudited Consolidated Pro Forma
		\$	\$
<b>Current Assets</b>			
Cash and cash equivalents	1, 2 & 5	2,251,910	7,876,910
Trade and other receivables		560,813	560,813
<b>Total Current Assets</b>		<b>2,812,723</b>	<b>8,437,723</b>
<b>Non Current Assets</b>			
Plant and equipment		323,846	323,846
Proposed acquisition	2, 3 & 4	-	85,000,000
<b>Total Non Current Assets</b>		<b>323,846</b>	<b>85,323,846</b>
<b>Total Assets</b>		<b>3,136,569</b>	<b>93,761,569</b>
<b>Current Liabilities</b>			
Trade and other payables		255,157	255,157
Borrowings		252,000	252,000
Employee benefits provision		84,004	84,004
Proposed loan	4	-	10,000,000
<b>Total Current Liabilities</b>		<b>591,161</b>	<b>10,591,161</b>
<b>Total Liabilities</b>		<b>591,161</b>	<b>10,591,161</b>
<b>Net Assets</b>		<b>2,545,408</b>	<b>83,170,408</b>
<b>Equity</b>			
Issued capital	1, 3 & 5	33,043,514	113,668,514
Reserves		232,334	232,334
Accumulated losses		(30,730,440)	(30,730,440)
<b>Total Equity</b>		<b>2,545,408</b>	<b>83,170,408</b>

**Notes:**

- Proposed capital raising by the issue of 166,666,667 new Shares at an issue price of not less than \$0.30 per Share to raise up to \$50,000,000 (before issue costs).
- Proposed \$40,000,000 cash consideration for the Acquisition at Settlement.
- Proposed \$35,000,000 equity consideration for the Acquisition at 12, 24 & 36 months.
- Proposed \$10,000,000 deferred cash consideration at 12 & 24 months.
- Proposed Costs of the Acquisition and Capital Raising and associated advisory and experts' fees are estimated to be \$3,875,000 based on the minimum Capital Raising and \$4,375,000 based on the maximum Capital Raising. Costs of the Acquisition represent approximately 5.15% of the transaction value.



## Schedule 2 – Accounts of Export Corporation

# **Export Corporation (Australia) Pty Ltd**

**ABN 31 009 441 632**

## **Interim Report - 31 December 2018**

**Export Corporation (Australia) Pty Ltd**  
**Director's report**  
**For the half-year ended 31 December 2018**

The Director presents the report, together with the financial statements, consisting of Export Corporation (Australia) Pty Ltd (referred to hereafter as the 'company') for the half-year ended 31 December 2018.

**Directors**

The name of the director of Export Corporation (Australia) Pty Ltd during the whole of the financial period and up to the date of this report, unless otherwise stated is:

Danny Pavlovich - Director

**Principal activities**

During the half-year the principal continuing activities of the company consisted of wholesales and distribute premium quality nutritional and sports supplements from the USA and Canada to grocery, pharmacy, retail, other specialty stores in Australia and its subsidiary company, Nutrition Systems NZ Pty Limited.

**Review of operations**

The profit for the company after providing for income tax amounted to \$2,267,215 for the half-year ended 31 December 2018 (31 December 2017: \$4,251,925).

**Significant changes in the state of affairs**

There were no significant changes in the state of affairs of the company during the financial period.

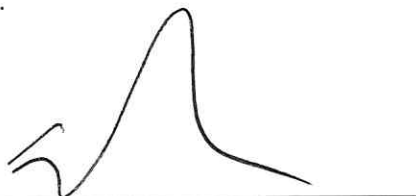
**Matters subsequent to the end of the financial period**

There are no matters or circumstances that have arisen since 31 December 2018 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial periods.

**Auditor's independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

This report is made in accordance with a resolution of the Director, pursuant to section 306(3)(a) of the Corporations Act 2001.

A handwritten signature in black ink, appearing to read 'Danny Pavlovich', is written over a horizontal line.

**Danny Pavlovich**  
**Director**

04 June 2019  
Perth, Western Australia

**RSM Australia Partners**

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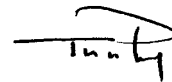
**AUDITOR'S INDEPENDENCE DECLARATION**

As lead auditor for the review of the financial report of Export Corporation (Australia) Pty Ltd for the half-year ended 31 December 2018, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.



RSM AUSTRALIA PARTNERS



TUTU PHONG  
Partner

Perth, WA  
Dated: 4 June 2019

**Export Corporation (Australia) Pty Ltd**  
**Contents**  
**For the half-year ended 31 December 2018**

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**General information**

The financial statements cover Export Corporation (Australia) Pty Ltd as an individual entity. The financial statements are presented in Australian dollars, which is Export Corporation (Australia) Pty Ltd's functional and presentation currency.

Export Corporation (Australia) Pty Ltd is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

**Registered office**

Level 1, 284 Oxford Street  
Leederville WA 6007

**Principal place of business**

Unit 204, 30 The Avenue  
Nedlands WA 6009

A description of the nature of the company's operations and its principal activities are included in the Director's report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of the Director, on 4 June 2019. The Director has the power to amend and reissue the financial statements.



**Export Corporation (Australia) Pty Ltd**  
**Statement of profit or loss and other comprehensive income**  
**For the half-year ended 31 December 2018**

	<b>Note</b>	<b>31 Dec 2018</b>	<b>Unreviewed 31 Dec 2017</b>
		<b>\$</b>	<b>\$</b>
<b>Revenue</b>			
Sales revenue		23,118,607	27,647,286
Other Income		178,487	143,091
<b>Expenses</b>			
Cost of sales		(18,129,300)	(20,815,805)
Occupancy expenses		(409,506)	(361,683)
Employees benefits expenses		(1,820,432)	(1,827,090)
Administrative expenses		(603,063)	(468,867)
Depreciation		(47,801)	(61,709)
Bad debts written off		(672)	(3,298)
Foreign exchange gain/loss		(19,105)	-
<b>Profit before income tax expense</b>		<b>2,267,215</b>	<b>4,251,925</b>
Income tax expense		-	-
<b>Profit after income tax expense for the half-year</b>		<b>2,267,215</b>	<b>4,251,925</b>
<b>Total comprehensive income for the half-year</b>		<b>2,267,215</b>	<b>4,251,925</b>

*The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes*

**Export Corporation (Australia) Pty Ltd**  
**Statement of financial position**  
**As at 31 December 2018**

	<b>Note</b>	<b>31 Dec 2018</b> \$	<b>30 Jun 2018</b> \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		3,443,904	13,086,119
Trade and other receivables	3	7,116,556	6,746,480
Inventories	4	19,120,398	15,280,240
Income tax receivable		1,577,672	380,576
Other current assets		252,822	215,449
Total current assets		<u>31,511,352</u>	<u>35,708,864</u>
<b>Non-current assets</b>			
Plant and equipment		698,458	745,951
Intangible assets		10,000	10,000
Other receivables	3	28,361,779	17,147,818
Investment in subsidiary		842	842
Total non-current assets		<u>29,071,078</u>	<u>17,904,611</u>
<b>Total assets</b>		<u>60,582,431</u>	<u>53,613,475</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	5	8,312,894	3,588,923
Provision for employees benefits		478,279	486,388
Borrowings		159,002	173,123
Total current liabilities		<u>8,950,175</u>	<u>4,248,434</u>
<b>Total liabilities</b>		<u>8,950,175</u>	<u>4,248,434</u>
<b>Net assets</b>		<u>51,632,256</u>	<u>49,365,041</u>
<b>Equity</b>			
Issued capital		10	10
Retained earnings		51,632,246	49,365,031
<b>Total equity</b>		<u>51,632,256</u>	<u>49,365,041</u>

*The above statement of financial position should be read in conjunction with the accompanying notes*

**Export Corporation (Australia) Pty Ltd**  
**Statement of changes in equity**  
**For the half-year ended 31 December 2018**

	<b>Issued capital \$</b>	<b>Retained earnings \$</b>	<b>Total equity \$</b>
<b>Unreviewed</b>			
Balance at 1 July 2017	10	43,754,619	43,754,629
Profit after income tax expense for the half-year	-	4,251,925	4,251,925
Total comprehensive income for the half-year	-	4,251,925	4,251,925
Balance at 31 December 2017	10	48,006,544	48,006,554
	<b>Issued capital \$</b>	<b>Retained earnings \$</b>	<b>Total equity \$</b>
Balance at 1 July 2018	10	49,365,031	49,365,021
Profit after income tax expense for the half-year	-	2,267,215	2,267,215
Total comprehensive income for the half-year	-	2,267,215	2,267,215
Balance at 31 December 2018	10	51,632,246	51,632,256

*The above statement of changes in equity should be read in conjunction with the accompanying notes*

**Export Corporation (Australia) Pty Ltd**  
**Statement of cash flows**  
**For the half-year ended 31 December 2018**

	<b>31 Dec 2018</b>	<b>Unreviewed</b>
	<b>\$</b>	<b>31 Dec 2017</b>
		<b>\$</b>
<b>Cash flows from operating activities</b>		
Receipts from customers	22,807,358	26,361,981
Payments to suppliers and employees	(20,063,210)	(22,322,628)
Interest received	172,439	143,091
Income taxes paid	(1,197,096)	(1,888,428)
Net cash from operating activities	7 <u>1,719,491</u>	<u>2,294,017</u>
<b>Cash flows from investing activities</b>		
Payments for plant and equipment	(2,486)	(10,652)
Net cash used in investing activities	<u>(2,486)</u>	<u>(10,652)</u>
<b>Cash flows from financing activities</b>		
Repayments of borrowings	(14,121)	(27,764)
Net payments to related parties	(11,345,099)	(6,381,647)
Net cash used in financing activities	<u>(11,359,220)</u>	<u>(6,409,411)</u>
Net decrease in cash and cash equivalents	(9,642,215)	(4,126,046)
Cash and cash equivalents at the beginning of the financial period	13,086,119	9,092,661
Cash and cash equivalents at the end of the financial period	<u><u>3,443,904</u></u>	<u><u>4,966,615</u></u>

*The above statement of cash flows should be read in conjunction with the accompanying notes*

## **Note 1. Significant accounting policies**

These financial statements for the interim half-year reporting period ended 31 December 2018 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

## **Note 2. New or amended Accounting Standards and Interpretations adopted**

The company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

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

### *AASB 15 Revenue from Contracts with Customers*

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

### *Impact of adoption*

The new accounting policies are disclosed in the note below. There is no impact on the company for the period ended 31 December 2018 and the prior year financial statements did not have to be restated as a result.

## **Revenue recognition**

The company recognises revenue as follows:

### *Revenue from contracts with customers*

Revenue is recognised at an amount that reflects the consideration to which the company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the company: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are initially recognised as deferred revenue in the form of a separate refund liability.

**Export Corporation (Australia) Pty Ltd**  
**Notes to the financial statements**  
**For the half-year ended 31 December 2018**

**Revenue recognition (continued)**

*Sale of goods*

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

*Rendering of services*

Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price.

*Interest*

Interest revenue is recognised as interest accrues using the effective interest method.

*Other revenue*

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

**Export Corporation (Australia) Pty Ltd**  
**Notes to the financial statements**  
**For the half-year ended 31 December 2018**

**Note 3. Trade and other receivables**

	<b>31 December 2018 \$</b>	<b>30 June 2018 \$</b>
Trade receivables	7,034,048	6,715,188
Other debtors	82,508	31,292
	<u>7,116,556</u>	<u>6,746,480</u>
<b>Non-current</b>		
Loans to related parties *	<u>28,361,779</u>	<u>17,147,818</u>

\*Includes:

- \$1,877,531 (30 June 2018: \$4,659,946) loan to subsidiary, Nutrition Systems NZ Pty Limited at interest rate of 2% plus 30-day bank accepted bill rate per month, unsecured and no fixed repayment date.

- \$3,129,577 (30 June 2018: \$2,772,756) loan to Nutrition Zone WA Pty Ltd which is interest-free, unsecured and no fixed repayment date.

- \$17,148,614 (30 June 2018: \$3,509,186) loan to director, Danny Pavlovich at interest rate in accordance with Australian Taxation Office's Division 7A benchmark, unsecured and no fixed repayment date.

- \$5,842,252 (30 June 2018: \$5,842,125) loan to Westfire Investments Pty Ltd which Danny Pavlovich is also a director of, at 5.25% interest rate per annum, unsecured and no fixed repayment date.

- \$363,805 (30 June 2018: \$363,805) loan to Jadelene Enterprises Pty Ltd which Danny Pavlovich is also a director of, interest-free, unsecured and no fixed repayment date.

**Note 4. Inventories**

	<b>31 December 2018 \$</b>	<b>30 June 2018 \$</b>
Finished goods	8,088,260	12,794,137
Inventory in transit	11,032,138	2,486,103
	<u>19,120,398</u>	<u>15,280,240</u>

**Note 5. Trade and other payables**

	<b>31 December 2018 \$</b>	<b>30 June 2018 \$</b>
Trade payables	7,979,874	3,352,085
Accrued expenses	30,989	4,059
Other payables	302,031	232,779
	<u>8,312,894</u>	<u>3,588,923</u>

**Note 6. Commitments**

There have been no material changes to the company's capital or other expenditure commitments since 30 June 2018.



**Export Corporation (Australia) Pty Ltd**  
**Notes to the financial statements**  
**For the half-year ended 31 December 2018**

**Note 7. Reconciliation of cash flow used in operations with profit after tax**

	<b>31 December 2018 \$</b>	<b>Unreviewed 31 December 2017 \$</b>
Profit after income tax expense for the half-year	<u>2,267,215</u>	<u>4,251,925</u>
Adjustments for:		
Depreciation	47,801	61,709
Gain on disposal of non-current assets	2,178	68,260
Foreign exchange differences	3,042	10,827
Changes in operating assets and liabilities:		
Trade and other receivables	(313,543)	(1,310,416)
Prepayments and other assets	(37,373)	1,002,370
Inventories	(3,840,159)	3,119,815
Trade and other payables	4,795,535	(3,046,887)
Employee benefits	(8,109)	24,842
Income tax payable	(1,197,096)	(1,888,428)
Net cash flows from operating activities	<u><u>1,719,491</u></u>	<u><u>2,294,017</u></u>

**Note 8. Events subsequent to reporting date**

There are no matters or circumstances that have arisen since 31 December 2018 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial periods.

**Note 9. Contingent liabilities and contingent assets**

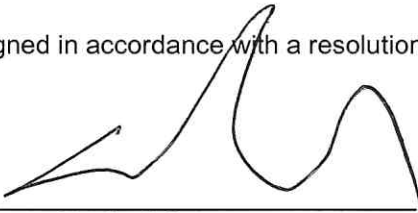
The company has no contingent liabilities and contingent assets as at 31 December 2018 (30 June 2018: Nil).

**Export Corporation (Australia) Pty Ltd**  
**Director's declaration**  
**For the half-year ended 31 December 2018**

In the Director's opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the company's financial position as at 31 December 2018 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Director made pursuant to section 303(5)(a) of the Corporations Act 2001.



**Danny Pavlovich**  
**Director**

04 June 2019  
Perth, Western Australia



**RSM Australia Partners**

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**INDEPENDENT AUDITOR'S REVIEW REPORT  
TO THE MEMBERS OF  
EXPORT CORPORATION (AUSTRALIA) PTY LTD**

**Report on the Half-Year Financial Report**

We have reviewed the accompanying half-year financial report of Export Corporation (Australia) Pty Ltd which comprises the statement of financial position as at 31 December 2018, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the director's declaration.

*Director's Responsibility for the Half-Year Financial Report*

The director of the company is responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the director determines is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

*Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2018 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Export Corporation (Australia) Pty Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**THE POWER OF BEING UNDERSTOOD**  
**AUDIT | TAX | CONSULTING**

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### *Independence*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the director of Export Corporation (Australia) Pty Ltd, would be in the same terms if given to the director as at the time of this auditor's review report.

### *Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Export Corporation (Australia) Pty Ltd is not in accordance with the *Corporations Act 2001* including:

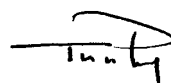
- (a) giving a true and fair view of the company's financial position as at 31 December 2018 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

### *Other Matter – Comparative Financial Information*

The comparative information for the half-year ended 31 December 2017 was not reviewed. Our conclusion is not modified in respect of this matter.



RSM AUSTRALIA PARTNERS



TUTU PHONG  
Partner

Perth, WA  
Dated: 4 June 2019

# **Nutrition Systems NZ Pty Limited**

**Company No.: 2052750**

**Interim Report - 31 December 2018**

**RSM Australia Partners**

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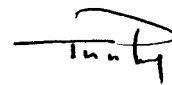
[www.rsm.com.au](http://www.rsm.com.au)

**AUDITOR'S INDEPENDENCE DECLARATION**

As lead auditor for the review of the financial report of Nutrition Systems NZ Pty Limited for the half-year ended 31 December 2018, I declare that, to the best of my knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the review.



RSM AUSTRALIA PARTNERS



TUTU PHONG  
Partner

Perth, WA  
Dated: 4 June 2019

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**AUDIT | TAX | CONSULTING**

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**Nutrition Systems NZ Pty Limited**  
**Contents**  
**For the half-year ended 31 December 2018**

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**General information**

The financial statements cover Nutrition Systems NZ Pty Limited as an individual entity. The financial statements are presented in New Zealand dollars, which is Nutrition Systems NZ Pty Limited's functional and presentation currency.

Nutrition Systems NZ Pty Limited is a company limited by shares, incorporated and domiciled in New Zealand. Its registered office and principal place of business are:

**Registered office**

Gilligan and Company Limited  
Level 4, 20 Kent Street, Newmarket, Auckland  
1149, New Zealand

**Principal place of business**

19 Valor Drive, Milson  
Palmerston North  
4114 New Zealand

The financial statements were authorised for issue, in accordance with a resolution of the Directors, on 4 June 2019. The Directors have the power to amend and reissue the financial statements.



**Nutrition Systems NZ Pty Limited**  
**Statement of profit or loss and other comprehensive income**  
**For the half-year ended 31 December 2018**

	<b>Note</b>	<b>31 Dec 2018</b>	<b>Unreviewed 31 Dec 2017</b>
		<b>\$</b>	<b>\$</b>
<b>Revenue</b>			
Sales revenue		13,452,871	14,702,666
Other income		810	13,123
<b>Expenses</b>			
Cost of sales		(11,467,036)	(12,427,599)
Commission expenses		(597,190)	(604,618)
Occupancy expenses		(91,773)	(85,676)
Administrative expenses		(77,315)	(134,994)
Depreciation		(7,403)	(9,670)
Foreign exchange gain		116,880	-
<b>Profit before income tax expense</b>		<b>1,329,844</b>	<b>1,453,232</b>
Income tax expense		(383,693)	-
<b>Profit after income tax expense for the half-year</b>		<b>946,151</b>	<b>1,453,232</b>
<b>Total comprehensive profit for the half-year</b>		<b>946,151</b>	<b>1,453,232</b>

*The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes*

**Nutrition Systems NZ Pty Limited**  
**Statement of financial position**  
**As at 31 December 2018**

	<b>Note</b>	<b>31 Dec 2018</b> \$	<b>30 Jun 2018</b> \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		1,275,129	1,973,437
Trade and other receivables	3	2,988,502	3,204,343
Inventories	4	3,763,665	4,256,090
Other current assets		23,858	4,970
Income tax receivable		-	157,145
Total current assets		<u>8,051,154</u>	<u>9,595,985</u>
<b>Non-current assets</b>			
Plant and equipment		<u>66,812</u>	<u>74,214</u>
Total non-current assets		<u>66,812</u>	<u>74,214</u>
<b>Total assets</b>		<u>8,117,966</u>	<u>9,670,199</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	5	861,676	491,845
Borrowings	6	1,972,196	5,084,539
Income tax payable		244,128	-
Total current liabilities		<u>3,078,000</u>	<u>5,576,384</u>
<b>Total liabilities</b>		<u>3,078,000</u>	<u>5,576,384</u>
<b>Net assets</b>		<u>5,039,966</u>	<u>4,093,815</u>
<b>Equity</b>			
Issued capital		1,000	1,000
Retained earnings		<u>5,038,966</u>	<u>4,092,816</u>
<b>Total equity</b>		<u>5,039,966</u>	<u>4,093,816</u>

*The above statement of financial position should be read in conjunction with the accompanying notes*

**Nutrition Systems NZ Pty Limited**  
**Statement of changes in equity**  
**For the half-year ended 31 December 2018**

	<b>Issued capital \$</b>	<b>Retained earnings \$</b>	<b>Total equity \$</b>
<b>Unreviewed</b>			
Balance at 1 July 2017	1,000	2,638,484	2,639,484
Profit after income tax expense for the half-year		1,453,232	1,453,232
Total comprehensive income for the half-year	-	1,453,232	1,453,232
Balance at 31 December 2017	1,000	4,092,816	4,093,816
	<b>Issued capital \$</b>	<b>Retained earnings \$</b>	<b>Total equity \$</b>
Balance at 1 July 2018	1,000	4,092,816	4,093,816
Profit after income tax expense for the half-year		946,151	946,151
Total comprehensive income for the half-year	-	946,151	946,151
Balance at 31 December 2018	1,000	5,038,966	5,039,966

*The above statement of changes in equity should be read in conjunction with the accompanying notes*

**Nutrition Systems NZ Pty Limited**  
**Statement of cash flows**  
**For the half-year ended 31 December 2018**

	<b>Note</b>	<b>31 Dec 2018</b> \$	<b>Unreviewed</b> <b>31 Dec 2017</b> \$
<b>Cash flows from operating activities</b>			
Receipts from customers		13,530,985	14,499,206
Payments to suppliers and employees		(15,851,443)	(18,785,609)
Interest received		810	13,123
Income taxes received/(paid)		17,640	(97,350)
Net cash used in operating activities	8	<u>(2,302,008)</u>	<u>(4,370,630)</u>
<b>Cash flows from financing activities</b>			
Proceeds from loan from related entity		1,486,820	4,528,589
Net cash from financing activities		<u>1,486,820</u>	<u>4,528,589</u>
Net (decrease)/increase in cash and cash equivalents		(815,188)	157,959
Cash and cash equivalents at the beginning of the half-year		1,973,437	721,966
Effect of exchange rate fluctuations on cash held		116,880	-
Cash and cash equivalents at the end of the half-year		<u>1,275,129</u>	<u>879,925</u>

*The above statement of cash flows should be read in conjunction with the accompanying notes*

## **Note 1. Significant accounting policies**

These financial statements for the interim half-year reporting period ended 31 December 2018 have been prepared in accordance with IAS 34 *Interim Financial Reporting*.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

## **Note 2. New or amended Accounting Standards and Interpretations adopted**

The company has adopted all of the new or amended Accounting Standards and Interpretations issued by the International Accounting Standards Board that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

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

### *IFRS 15 Revenue from Contracts with Customers*

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

### *Impact of adoption*

The new accounting policies are disclosed in the note below. There is no impact on the company for the period ended 31 December 2018 and the prior year financial statements did not have to be restated as a result.

## **Revenue recognition**

The company recognises revenue as follows:

### *Revenue from contracts with customers*

Revenue is recognised at an amount that reflects the consideration to which the company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the company: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are initially recognised as deferred revenue in the form of a separate refund liability.

**Nutrition Systems NZ Pty Limited**  
**Notes to the financial statements**  
**For the half-year ended 31 December 2018**

**Revenue recognition (Continued)**

*Sale of goods*

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

*Rendering of services*

Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price.

*Interest*

Interest revenue is recognised as interest accrues using the effective interest method.

*Other revenue*

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

**Nutrition Systems NZ Pty Limited**  
**Notes to the financial statements**  
**For the half-year ended 31 December 2018**

**Note 3. Trade and other receivables**

	<b>31 Dec 2018</b>	<b>30 Jun 2018</b>
	<b>\$</b>	<b>\$</b>
Trade receivables	2,398,072	2,599,642
Other debtors	144,966	12,295
GST receivable	445,464	592,406
	<u>2,988,502</u>	<u>3,204,343</u>

**Note 4. Inventories**

	<b>31 Dec 2018</b>	<b>30 Jun 2018</b>
	<b>\$</b>	<b>\$</b>
Finished goods	3,324,515	4,256,090
Inventory in transit	439,150	-
	<u>3,763,665</u>	<u>4,256,090</u>

**Note 5. Trade and other payables**

	<b>31 Dec 2018</b>	<b>30 Jun 2018</b>
	<b>\$</b>	<b>\$</b>
Trade payables	828,723	417,637
Other payables	32,953	53,208
Accrued expenses	-	21,000
	<u>861,676</u>	<u>491,845</u>

**Note 6. Borrowings**

	<b>31 Dec 2018</b>	<b>30 Jun 2018</b>
	<b>\$</b>	<b>\$</b>
Loan from related parties *	<u>1,972,196</u>	<u>5,084,539</u>

\*Loan from related party, Export Corporation (Australia) Pty Ltd which Danny Pavlovich is also a director of, is at interest rate of 2% plus 30-day bank accepted bill rate per month, unsecured and no fixed repayment date.

**Note 7. Commitments**

There have been no material changes to the company's capital or other expenditure commitments since 30 June 2018.



**Nutrition Systems NZ Pty Limited**  
**Notes to the financial statements**  
**For the half-year ended 31 December 2018**

**Note 8. Reconciliation of cash flow used in operations with profit after tax**

	<b>31 Dec 2018</b>	<b>Unreviewed 31 Dec 2017</b>
	<b>\$</b>	<b>\$</b>
Profit after income tax expense for the half-year	946,151	1,453,232
Adjustments for:		
Depreciation	7,403	9,670
Foreign exchange differences	(116,880)	-
Changes in operating assets and liabilities:		
Trade and other receivables	260,449	(13,777)
Prepayments and other assets	(63,496)	316,726
Inventories	492,425	(526,058)
Trade and other payables	369,770	(1,262,636)
Income tax payables	401,333	(97,350)
Balances with related entities	(4,599,163)	(4,250,437)
Net cash flows used in operating activities	<u>(2,302,008)</u>	<u>(4,370,630)</u>

**Note 9. Events subsequent to reporting date**

There are no matters or circumstances that have arisen since 31 December 2018 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial periods.

**Note 10. Contingent liabilities and contingent assets**

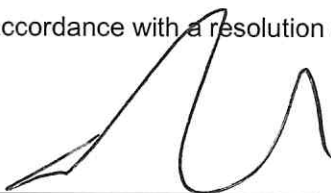
The company has no contingent liabilities and contingent assets as at 31 December 2018 (30 June 2018: Nil).

**Nutrition Systems NZ Pty Limited**  
**Directors' declaration**  
**For the half-year ended 31 December 2018**

In the Directors' opinion:

- the attached financial statements and notes comply with IAS 34 *Interim Financial Reporting*;
- the attached financial statements and notes give a true and fair view of the company's financial position as at 31 December 2018 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors.

A handwritten signature in black ink, consisting of a series of loops and curves, positioned above a horizontal line.

**Danny Pavlovich**  
**Director**

04 June 2019  
Perth, Western Australia

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**INDEPENDENT AUDITOR'S REVIEW REPORT  
TO THE MEMBERS OF NUTRITION SYSTEMS NZ PTY LIMITED**

We have reviewed the accompanying half-year financial report of Nutrition Systems NZ Pty Limited which comprises the statement of financial position as at 31 December 2018, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Management is responsible for the preparation and fair presentation of this half-year financial report in accordance with IAS 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on this half-year financial report based on our review.

*Scope of Review*

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of a half-year financial report consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

*Conclusion*

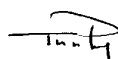
Based on our review, nothing has come to our attention that causes us to believe that this half-year financial report does not give a true and fair view of the financial position of Nutrition Systems NZ Pty Limited as at 31 December 2018, and of its performance for the half-year ended on that date in accordance with IAS 34 *Interim Financial Reporting*.

*Other Matter – Comparative Financial Information*

The comparative information for the half-year ended 31 December 2017 was not reviewed. Our conclusion is not modified in respect of this matter.



RSM AUSTRALIA PARTNERS



TUTU PHONG  
Partner

Perth, WA  
Dated: 4 June 2019

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# **Nutrition Zone WA Pty Ltd**

**ABN 31 621 036 619**

## **Interim Report - 31 December 2018**

**Nutrition Zone WA Pty Ltd**  
**Director's report**  
**For the half-year ended 31 December 2018**

The Director presents the report, together with the financial statements, consisting of Nutrition Zone WA Pty Ltd (referred to hereafter as the 'company') for the half-year ended 31 December 2018.

**Directors**

The name of the director of Nutrition Zone WA Pty Ltd during the whole of the financial period and up to the date of this report, unless otherwise stated is:

Danny Pavlovich - Director

**Principal activities**

During the half-year the principal continuing activities of the company consisted of sales of premium quality nutritional and sports supplements through eight retail stores across WA and VIC and its own websites [suppsrus.com.au](http://suppsrus.com.au) and [nutritionzone.com.au](http://nutritionzone.com.au).

**Review of operations**

The loss for the company after providing for income tax amounted to \$75,975 for the half-year ended 31 December 2018 (31 December 2017: \$158,431).

**Significant changes in the state of affairs**

There were no significant changes in the state of affairs of the company during the financial period.

**Matters subsequent to the end of the financial period**

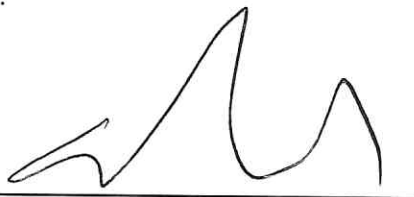
There are no matters or circumstances that have arisen since 31 December 2018 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial periods.

**Auditor's independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

**Nutrition Zone WA Pty Ltd**  
**Director's report**  
**For the half-year ended 31 December 2018**

This report is made in accordance with a resolution of the Director, pursuant to section 306(3)(a) of the Corporations Act 2001.

A handwritten signature in black ink, consisting of several loops and peaks, positioned above a horizontal line.

**Danny Pavlovich**  
**Director**

04 June 2019  
Perth, Western Australia

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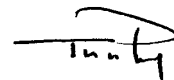
**AUDITOR'S INDEPENDENCE DECLARATION**

As lead auditor for the review of the financial report of Nutrition Zone WA Pty Ltd for the half-year ended 31 December 2018, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.



RSM AUSTRALIA PARTNERS



TUTU PHONG  
Partner

Perth, WA  
Dated: 4 June 2019

**Nutrition Zone WA Pty Ltd**  
**Contents**  
**For the half-year ended 31 December 2018**

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**General information**

The financial statements cover Nutrition Zone WA Pty Ltd as an individual entity. The financial statements are presented in Australian dollars, which is Nutrition Zone WA Pty Ltd's functional and presentation currency.

Nutrition Zone WA Pty Ltd is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

**Registered office**

Level 1, 284 Oxford Street  
Leederville WA 6007

**Principal place of business**

Level 1, 284 Oxford Street  
Leederville WA 6007

A description of the nature of the company's operations and its principal activities are included in the Director's report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of the Director, on 4 June 2019. The Director has the power to amend and reissue the financial statements.



**Nutrition Zone WA Pty Ltd**  
**Statement of profit or loss and other comprehensive income**  
**For the half-year ended 31 December 2018**

	<b>Note</b>	<b>31 Dec 2018</b>	<b>Unreviewed 31 Dec 2017</b>
		<b>\$</b>	<b>\$</b>
<b>Revenue</b>			
Sales revenue		3,736,354	544,793
<b>Expenses</b>			
Cost of sales		(2,355,222)	(254,737)
Employees benefits expenses		(697,575)	(91,159)
Marketing expenses		(147,887)	(3,917)
Occupancy expenses		(377,416)	(76,389)
Administrative expenses		(170,856)	(41,475)
Depreciation		(63,373)	(10,816)
Impairment of non-current assets		-	(224,731)
<b>Loss before income tax expense</b>		<b>(75,975)</b>	<b>(158,431)</b>
Income tax expense		-	-
<b>Loss after income tax expense for the period</b>		<b>(75,975)</b>	<b>(158,431)</b>
<b>Total comprehensive loss for the period</b>		<b>(75,975)</b>	<b>(158,431)</b>

*The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes*

**Nutrition Zone WA Pty Ltd**  
**Statement of financial position**  
**As at 31 December 2018**

	<b>Note</b>	<b>31 Dec 2018</b> \$	<b>30 Jun 2018</b> \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	3	421,358	493,344
Trade and other receivables	4	90,236	247,657
Inventories		1,392,732	1,517,452
Other current assets		77,586	60,885
Total current assets		<u>1,981,912</u>	<u>2,319,338</u>
<b>Non-current assets</b>			
Plant and equipment		491,419	544,732
Intangible assets		1,256,189	1,256,189
Total non-current assets		<u>1,747,609</u>	<u>1,800,921</u>
<b>Total assets</b>		<u>3,729,520</u>	<u>4,120,259</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	5	846,737	1,520,690
Borrowings	6	3,129,577	2,772,756
Provisions for employees benefits		50,326	47,958
Income tax payable		15,488	15,488
Total current liabilities		<u>4,042,128</u>	<u>4,356,892</u>
<b>Total liabilities</b>		<u>4,042,128</u>	<u>4,356,892</u>
<b>Net liabilities</b>		<u>(312,608)</u>	<u>(236,633)</u>
<b>Equity</b>			
Issued capital		1	1
Accumulated losses		(312,609)	(236,634)
<b>Total equity</b>		<u>(312,608)</u>	<u>(236,633)</u>

*The above statement of financial position should be read in conjunction with the accompanying notes*

**Nutrition Zone WA Pty Ltd**  
**Statement of changes in equity**  
**For the half-year ended 31 December 2018**

**Unreviewed**

	<b>Issued capital \$</b>	<b>Accumulated losses \$</b>	<b>Total equity \$</b>
Balance at 11 August 2017	1	-	1
Loss after income tax expense for the half-year		(158,431)	(158,431)
Total comprehensive loss for the half-year	-	(158,431)	(158,431)
Balance at 31 December 2017	1	(158,431)	(158,430)

	<b>Issued capital \$</b>	<b>Accumulated losses \$</b>	<b>Total equity \$</b>
Balance at 1 July 2018	1	(236,634)	(236,633)
Loss after income tax expense for the half-year		(75,975)	(75,975)
Total comprehensive loss for the half-year	-	(75,975)	(75,975)
Balance at 31 December 2018	1	(312,609)	(312,608)

*The above statement of changes in equity should be read in conjunction with the accompanying notes*

**Nutrition Zone WA Pty Ltd**  
**Statement of cash flows**  
**For the half-year ended 31 December 2018**

	<b>Note</b>	<b>31 Dec 2018</b> \$	<b>Unreviewed</b> <b>31 Dec 2017</b> \$
<b>Cash flows from operating activities</b>			
Receipts from customers		3,892,209	424,188
Payments to suppliers and employees		(3,985,700)	(12,391)
Interest received		1,566	-
Net cash (used in)/from operating activities	8	<u>(91,925)</u>	<u>411,797</u>
<b>Cash flows from investing activities</b>			
Payments for plant and equipment		(10,060)	(136,655)
Net cash used in investing activities		<u>(10,060)</u>	<u>(136,655)</u>
<b>Cash flows from financing activities</b>			
Proceeds from issued capital		-	1
Proceeds from loan from related party		30,000	-
Net cash from financing activities		<u>30,000</u>	<u>1</u>
Net (decrease)/increase in cash and cash equivalents		(71,986)	275,143
Cash and cash equivalents at the beginning of the financial half-year		493,344	-
Cash and cash equivalents at the end of the financial half-year		<u><u>421,358</u></u>	<u><u>275,143</u></u>

*The above statement of cash flows should be read in conjunction with the accompanying notes*

## **Note 1. Significant accounting policies**

These financial statements for the interim half-year reporting period ended 31 December 2018 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

## **Note 2. New or amended Accounting Standards and Interpretations adopted**

The company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

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

### *AASB 15 Revenue from Contracts with Customers*

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

### *Impact of adoption*

The new accounting policies are disclosed in the note below. There is no impact on the company for the period ended 31 December 2018 and the prior year financial statements did not have to be restated as a result.

## **Revenue recognition**

The company recognises revenue as follows:

### *Revenue from contracts with customers*

Revenue is recognised at an amount that reflects the consideration to which the company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the company: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are initially recognised as deferred revenue in the form of a separate refund liability.

**Revenue recognition (continued)**

*Sale of goods*

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

*Rendering of services*

Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price.

*Interest*

Interest revenue is recognised as interest accrues using the effective interest method.

*Other revenue*

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

**Nutrition Zone WA Pty Ltd**  
**Notes to the financial statements**  
**For the half-year ended 31 December 2018**

**Note 3. Cash and cash equivalents**

	<b>31 December 2018 \$</b>	<b>30 June 2018 \$</b>
Cash on hand	3,740	3,890
Cash in bank	267,618	337,890
<b>Restricted cash</b>		
Bank guarantee	150,000	151,564
	<u>421,358</u>	<u>493,344</u>

**Note 4. Trade and other receivables**

	<b>31 December 2018 \$</b>	<b>30 June 2018 \$</b>
Trade receivables	<u>90,236</u>	<u>247,657</u>
	<u>90,236</u>	<u>247,657</u>

**Note 5. Trade and other payables**

	<b>31 December 2018 \$</b>	<b>30 June 2018 \$</b>
Trade payables	806,457	1,520,644
Accrued expenses	11,981	-
Other payables	28,299	46
	<u>846,737</u>	<u>1,520,690</u>

**Note 6. Borrowings**

	<b>31 December 2018 \$</b>	<b>30 June 2018 \$</b>
Loan from related parties *	<u>3,129,577</u>	<u>2,772,756</u>

\*Loan from related party, Export Corporation (Australia) Pty Ltd which Danny Pavlovich is also a director of, is interest free, unsecured and has no fixed repayment date.

**Note 7. Commitments**

There have been no material changes to the company's capital or other expenditure commitments since 30 June 2018.

**Nutrition Zone WA Pty Ltd**  
**Notes to the financial statements**  
**For the half-year ended 31 December 2018**

**Note 8. Reconciliation of cash flow used in operations with loss after tax**

	<b>31 Dec 2018</b>	<b>Unreviewed 31 Dec 2017</b>
	<b>\$</b>	<b>\$</b>
Loss after income tax expense for the half-year	<u>(75,975)</u>	<u>(158,431)</u>
Adjustments for:		
Depreciation and amortisation	63,373	10,816
Impairment	-	224,731
Changes in operating assets and liabilities:		
Trade and other receivables	157,421	(91,085)
Other current assets	(16,701)	(16)
Inventories	124,721	(771,069)
Trade and other payables	(673,953)	561,684
Employee benefits	2,367	-
Balances with related entities	326,822	635,167
Net cash flows from/(used) in operating activities	<u>(91,925)</u>	<u>411,797</u>

**Note 9. Events subsequent to reporting date**

There are no matters or circumstances that have arisen since 31 December 2018 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial periods.

**Note 10. Contingent liabilities and contingent assets**

The company has no contingent liabilities and contingent assets as at 31 December 2018 (30 June 2018: Nil).

**Note 11. Economic dependency**

The shareholder of the company is Jadeline Enterprises Pty Ltd, a company incorporated in Australia, which at 31 December 2018 owned 100% of the issued share capital of the company and of which Danny Pavlovich is a director of.

The company is dependent on continued financial support from its shareholder for its continued existence and ability to carry out its normal activities.

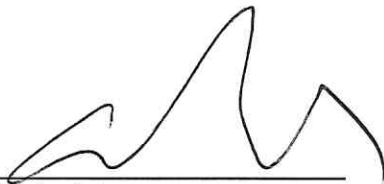


**Nutrition Zone WA Pty Ltd**  
**Director's declaration**  
**For the half-year ended 31 December 2018**

In the Director's opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the company's financial position as at 31 December 2018 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Director made pursuant to section 303(5)(a) of the Corporations Act 2001.



**Danny Pavlovich**  
**Director**

04 June 2019  
Perth, Western Australia



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**INDEPENDENT AUDITOR'S REVIEW REPORT  
TO THE MEMBERS OF  
NUTRITION ZONE WA PTY LTD**

**Report on the Half-Year Financial Report**

We have reviewed the accompanying half-year financial report of Nutrition Zone WA Pty Ltd which comprises the statement of financial position as at 31 December 2018, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the director's declaration.

*Director's Responsibility for the Half-Year Financial Report*

The director of the company is responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the director determines is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

*Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2018 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Nutrition Zone WA Pty Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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### *Independence*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the director of Nutrition Zone WA Pty Ltd, would be in the same terms if given to the director as at the time of this auditor's review report.

### *Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Nutrition Zone WA Pty Ltd is not in accordance with the *Corporations Act 2001* including:

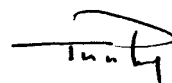
- (a) giving a true and fair view of the company's financial position as at 31 December 2018 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

### *Other Matter – Comparative Financial Information*

The comparative information for the half-year ended 31 December 2017 was not reviewed. Our conclusion is not modified in respect of this matter.

A handwritten signature in black ink that reads 'RSM'.

RSM AUSTRALIA PARTNERS

A handwritten signature in black ink that appears to read 'Tutu Phong'.

TUTU PHONG  
Partner

Perth, WA  
Dated: 4 June 2019