

Company Registration Number 07905640

RAPID NUTRITION PLC

FINANCIAL STATEMENTS

30 JUNE 2018

RAPID NUTRITION PLC
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

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RAPID NUTRITION PLC

CORPORATE DIRECTORY

FOR THE YEAR ENDED 30 JUNE 2018

Directors	S St Ledger M Sinclair S Kellow
Company Secretary	Elemental CoSec Limited
Company registration number	07905640
Registered office	2 nd Floor 145-157 St. John Street London England EC1V 4PW
Auditor	Greenwich & Co UK 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

RAPID NUTRITION PLC

STRATEGIC REPORT

FOR THE YEAR ENDED 30 JUNE 2018

The directors present their strategic report on Rapid Nutrition PLC (the “Company”) and its controlled entity (hereafter the “Group” or “Rapid Nutrition”) for the year ended 30 June 2018.

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 Company has followed a clear strategic direction and has made good progress towards transitioning from a licensing model to a distribution model, with the objective of becoming vertically integrated. The Company has now secured a number of key distribution partners in the US, China and Australia, broadening and strengthening the business. In order to support this growth, the Company has continued to secure investor and board support for the current financial year.

With an ongoing dedication to satisfying consumer and investor demand, Rapid Nutrition has performed well in regard to its three key priorities of maintaining stability and momentum, elevating the customer and recalibrating costs.

On the whole, Rapid Nutrition achieved an increased bottom line while moving forward with the implementation of its distribution model with a global perspective for the proceeding fiscal year, as well as the accomplishment of key objectives and a view towards ongoing product development to compliment its current product offering. The Rapid Nutrition Board of Directors is looking forward to seeing the fruits of their labour with an exciting year ahead with many initiatives being finalised in the coming months.

Performance Highlights

USA - The US is a core market for the business and Rapid Nutrition continues to make inroads in this large and complex market having extended its distribution to Amazon, the largest internet retailer in the world for selected System LS™ products available to purchase online. In addition, the Company has secured a number of independent retail accounts and is in discussions with other distribution partners.

AUSTRALIA - The Company secured a number of new retailers including Drakes Supermarkets, the largest independent grocery retailer in Australia with more than 50 stores in South Australia and Queensland. As previously announced, the Company secured an exclusive Master Distribution Agreement (the “Agreement”) with General Nutrition Corporation (“GNC”), one of the world’s leading global speciality, health, wellness and performance retailers listed on the New York Stock Exchange (NYSE: GNC), granting Rapid Nutrition the exclusive right to market, sell and distribute GNC products in Australia through multiple channels including retail stores, e-commerce and other third-party

RAPID NUTRITION PLC

STRATEGIC REPORT

FOR THE YEAR ENDED 30 JUNE 2018

retailers. In addition, Rapid Nutrition will be able to distribute its own brands through the GNC global network.

Benefits of the Agreement

- The Agreement enables Rapid Nutrition to expand its product offering in the Australian market with one of the largest and most respected companies in the industry
- Additional revenue streams will be created for the Company by partnering with GNC and establishing its brands in Australia
- Rapid Nutrition will be able to distribute its own brands through the GNC global network creating an additional source of revenue

As part of the GNC Australia launch, the Company has recently opened its first health food store in a prominent location in Sydney, Australia where it will promote its extended product range.

CHINA - System LS™ has been approved in several categories in preparation for expanding Rapid Nutrition's brand presence in China. The Company is also supporting the entry into China by extending the Company's audience of followers on WeChat, China's leading social media platform with nearly 1 billion users. The Company has sent an order of its SystemLS™ products to one of its China partners who will roll the product out to its already well-established customer base.

UK - Rapid Nutrition is seeking to expand in the UK and is in discussions with a number of retail partners in addition to establishing its own DTC platform and social media campaigns. To support its growth strategy and entry into the UK, the Company is currently in discussion with a well-established UK distributor to exclusively represent its SystemLS™ brand for the UK market.

Sri Lanka - The board is pleased to announce Rapid Nutrition has continued to expand in the rapidly growing Asia market securing a distribution agreement with Schering Life Sciences to market and distribute the Companies flagship brand SystemLS™.

The agreement is expected to generate an additional strong in revenues for the company in the first 12mths. Product registration is currently in process and expected to be completed this quarter with the first order to scheduled for later this year.

For the year to 30 June 2018, Rapid Nutrition reported profits of £1.07mil. The key objective for Rapid Nutrition during this transitional phase of changing from a licensing model to a distribution model is maintaining the momentum of the business. The company closed FY 2018 with £2.4mil in revenue, and with a profit before tax of £1.07mil compared to FY 2017's revenues of £1.9mil.

Rapid Nutrition is making excellent progress in its international expansion and we are delighted to have secured a number of key retail partners including GNC. The business is transitioning from a licensing model to a distribution model with the objective of becoming vertically integrated and our strategy to grow our distribution channels both in retail stores, online and through our DTC platform is well under way. As part of the process, the Company has also established its own retail health food store in Sydney, Australia. The store provides a great platform to market our own brands and GNC brands. This, together with our recent investor support and our other achievements, means we are excited about the Company's prospects and confident of our performance for this financial year.

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STRATEGIC REPORT

FOR THE YEAR ENDED 30 JUNE 2018

The Year In Review

Our enhanced corporate business model has enabled Rapid Nutrition to continue to secure new distribution contracts and key partnerships in major markets across the globe. In addition to key retail placements, we are presently in discussions with a major U.S. retailer to stock the SystemLS™ range nationally, which will add significant revenue and fall in line with our Group's significant repositioning in business model direction from licensing to distribution.

As your directors work hard to support increased share price, stability and liquidity for our shareholders, Rapid Nutrition has recently secured significant institutional investor interest; as a result, the Company conducted a capital increase. The funds raised will further place the company in a strong position to be well-capitalised leading into the new financial year and will help to ensure that it can carry out all its initiatives.

With significant accomplishments over the past year, we will fully embed our strategic plan to enable disciplined execution of our strategy over the next 12 months. The business is well-positioned for the next fiscal year and solid growth.

Goals and Opportunities

Rapid Nutrition continues to take advantage of a strong global business climate in its forward focus on growth.

The Group's growth strategy, which consists of three key factors, is intended to build a vertically integrated company with a unique position in the life sciences and nutraceutical space. The Directors believe that this strategy enables the Group to impose superior standards of quality control for its products, to strengthen its value chain, and to scale up to optimum business efficiency. The current growth strategy is that which can be achieved with the funds currently available to the Company and by re-investing profits from its trading revenues, which is already taking place, and forms part of the Groups ongoing business model which the Company implements through its day-to-day activities.

Regulatory compliance. With expanded internal compliance checks, Rapid Nutrition continues to work with regulatory bodies across the globe to garner and maintain product approval.

Six Swiss Stock Exchange Listing.

The Company continues to explore the possibility of also dual listing its ordinary shares on another suitable stock exchange but notes the outcome of this process will be subject to obtaining relevant approvals. The Six Swiss Exchange continues to be the trading venue for the Company's securities.

Growth within markets. With ongoing key partnerships and distribution agreements throughout a variety of countries, Rapid Nutrition has a strong focus on building growth within this footprint and neighboring locations. We saw notable results in the United States, in particular, this year.

Challenges and Actions Taken

The Company successfully secured institutional investment via convertible notes to support its growth. Valid conversion notices were received in June in respect of 9,194,720 New Shares. Following the conversion, the total number of share in issue is 32,459,824.

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The New Shares have been allotted subject only to admission to listing of the New Shares on SIX Swiss Exchange ('Admission'). Such listing took effect on 20 June, 2018.

In July, Rapid Nutrition the Company announced that it appointed Ms Vesta Vanderbeken to its board of directors. Ms Vanderbeken has had over two decades of investment banking and corporate finance experience across various industries, including diversified industrials, consumer services, infrastructure, power, utilities, telecommunications, entertainment and agriculture. Vesta has held senior roles in Investment, Institutional and Corporate Banking with the Australia and New Zealand Banking Group Limited, ANZ Investment Bank and worked on some of the largest institutional and project finance deals in Australia.

Vesta has a Bachelor of Applied Economics degree from the University of South Australia, a Graduate Diploma in Applied Finance and Investments from the Financial Services Institute of Australia and completed studies in entrepreneurship at Stanford University. We are delighted and welcome Vesta to the board.

Value For Our Shareholders

Rapid Nutrition provides ongoing value for shareholders through thoughtful growth, up-to-date communication, scrupulous business conduct and economic sustainability. In turn, we value the trust and confidence we receive from our shareholders.

Healthy growth for investors and satisfaction for consumers are the hallmark of the way we choose to do business. Ultimately, providing the best value for everyone is at the heart of everything we do.

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 the regulations affecting our products change, the Group 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. Furthermore the Company has recently secured a significant institutional investment to ensure it is well capitalised to support its forward initiatives. The Company continues to re-invest profits from its trading revenues to support organic expansion of its global distribution into neighboring markets where the Company is not already present. The Company is profitable and expects to have sufficient cashflow to enable organic growth to be sustained at current rates.

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.

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STRATEGIC REPORT

FOR THE YEAR ENDED 30 JUNE 2018

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	-	-

With a refined business model enabling greater long-term growth potential, the fiscal year witnessed increased distribution across several continents, and expanded sales team, and a significant rollout of the SystemLS™ product line across Australia. We have enjoyed notable successes.

We want to thank each of you for your passion, interest and dedication. All of us at Rapid Nutrition look forward to an amazing year ahead.

On behalf of the board



Simon St Ledger

Managing Director

15 October 2018

RAPID NUTRITION PLC

DIRECTORS' REPORT

AS AT 30 JUNE 2018

The Directors present their report and financial statements of the Group for the year ended 30 June 2018.

Directors

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

Mr Simon St Ledger
Mr Shayne Kellow
Mr Malcolm Sinclair (resigned 27 July 2018)
Ms Vesta Vanderbeken (appointed 27 July 2018)

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 other companies, Motivideo Systems, Streamcast Marketing and Rapid Nutrition Asia. Information regarding the Group's financial risk management objectives and policies, including exposure to market, credit and liquidity risks, are presented in Note 26 to these financial statements.

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DIRECTORS' REPORT

AS AT 30 JUNE 2018

Post Balance Sheet Events

On July 11th 2018 the Company announced that it continues to expand in the rapidly growing Asia market securing a distribution agreement with Schering Life Sciences to market and distribute the Company's flagship brand SystemLS™.

On July 27th 2018 the Company appointed Vesta Vanderbeken to its board of directors.

On July 27th 2018 Malcolm Sinclair resigned from the board.

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 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 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 2017	Shares acquired during year	Shares disposed during the year	Shares held on 30 June 2018
Simon St Ledger	3,666,592	2,448,458	-	6,115,050
Malcolm Sinclair	87,175	-	-	87,175
Shayne Kellow	272,022	-	-	272,022

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.

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DIRECTORS' REPORT

AS AT 30 JUNE 2018

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

Directors' salaries have been agreed in Australian dollars. This means that, absent any increased salary or reward, the British pound value of director's remuneration will still fluctuate year on year due to exchange differences.

2018	<i>Salary (£)</i>	<i>Superannuation (£)</i>	<i>Consultancy Fees (£)</i>	Total (£)
Simon St Ledger ^{1 2}	86,434	8,211	-	94,645
Shayne Kellow	-	-	-	-
Malcolm Sinclair ²	-	-	-	-

¹ – Simon St Ledger's employment terms, as formalised by board resolution, specify a salary of AUD 150,000 (GBP 86,434) per year. During the year to 30 June 2018 nil was paid and remains 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 GBP 27,218 and was sold in the current financial period, while Mr Sinclair's vehicle was acquired in the prior period for GBP 24,649.

2017	<i>Salary (£)</i>	<i>Superannuation (£)</i>	<i>Consultancy Fees (£)</i>	Total (£)
Simon St Ledger ¹	81,520	7,745	-	89,265
Malcolm Sinclair	-	-	(7,141)	(7,141)
Richard Serbin	-	-	34,860	34,860

¹ – Simon St Ledger's employment terms, as formalised by board resolution, specify a salary of AUD 150,000 (GBP 67,315) per year. As of 30 June 2017, all salary owing is AUD 778,516 (GBP 452,475) has been converted to share in 2018FY

End of audited section.

RAPID NUTRITION PLC

DIRECTORS' REPORT

AS AT 30 JUNE 2018

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
Managing Director
15 October 2018

RAPID NUTRITION PLC
CORPORATE GOVERNANCE REPORT
FOR THE YEAR ENDED 30 JUNE 2018

The information relating to Corporate Governance is published on the Company's web pages: URL www.rnplc.com

RAPID NUTRITION PLC

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2018

	Note	Year ended 30 June 2018 £	Year ended 30 June 2017 £
Revenue	4	2,389,645	1,920,284
Cost of sales			
Opening inventory		(73,466)	(104,284)
Direct costs		(223,493)	(545,490)
Closing inventory		233,252	73,466
Gross profit		2,325,938	1,343,976
Administrative expenses		(1,223,963)	(1,035,781)
Operating profit	5	1,101,975	308,195
Unrealised loss on financial assets		-	(38,088)
Currency gain		84,165	217,584
Profit before tax		1,186,140	487,691
Tax expense	7	(116,212)	(47,490)
Profit for the period attributable to members of the Company		1,069,928	440,201
Other comprehensive income		199,733	94,633
Non controlling interest			
Total comprehensive income for the period attributable to members of the Company		1,269,661	534,834
Basic & diluted earnings per share	28	0.033	0.0189

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 2018

	Note	30 June 2018 £	30 June 2017 £
Current assets			
Cash and cash equivalents	8	124,073	42,096
Trade and other receivables	9	226,510	1,574,876
Prepayments	10	-	1,706,869
Inventory	11	233,251	73,466
Financial assets	12	3,450,069	3,496,465
Total current assets		4,033,903	6,893,772
Non-current assets			
Investments	13	4,740,821	59
Property, plant and equipment	14	1,453	1,944
Intangible assets	15	1,186	1,245
Total non-current assets		4,743,460	3,248
Total assets		8,777,363	6,897,020
Current liabilities			
Trade and other payables	16	240,855	508,440
Borrowings	17	652,411	722,843
Other payables		38,298	27,928
Total current liabilities		931,564	1,259,211
Non-current liabilities			
Deferred tax	18	529,844	664,328
Borrowings	19	387,042	160,436
Deposit		-	141,001
Total non-current liabilities		916,886	965,765
Total liabilities		1,848,450	2,224,976
Net assets		6,928,913	4,672,044

RAPID NUTRITION PLC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2018

	Note	30 June 2018	30 June 2017
		£	£
Equity			
Shares	20	19,093,128	17,962,253
Share Premium		102,443	102,443
Merger reserve		(17,304,970)	(17,304,970)
Retained earnings	21a	4,974,516	3,904,588
Foreign Exchange		63,796	7,730
Total equity and reserves		6,928,913	4,672,044

These financial statements were approved and authorised for release by the Directors on 15 October 2018 and are signed on its behalf by:



S St Ledger
Managing Director

Company registration number: 07905640

RAPID NUTRITION PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2018

	Ordinary Share Capital £	Share Premium £	Merger Reserve £	Retained Earnings £	Foreign Exchange £	Total Equity £
Balance as at 1 July 2016	17,962,253	102,443	(17,304,970)	3,464,387	(86,903)	4,137,210
Comprehensive Income						
Profit for the year	-	-	-	440,201	-	440,201
Foreign Exchange	-	-	-	-	94,633	94,633
Total comprehensive income for the year	-	-	-	440,201	94,633	534,834
Balance as at 30 June 2017	17,962,253	102,443	(17,304,970)	3,904,588	7,730	4,672,044
Comprehensive Income						
Profit for the year	-	-	-	1,069,928	-	1,069,928
Ordinary Share Capital, net of transaction costs	1,130,875	-	-	-	-	1,130,875
Foreign Exchange	-	-	-	-	56,066	56,066
Total comprehensive income for the year	1,130,875	-	-	1,069,928	56,066	2,256,869
Balance as at 30 June 2018	19,093,128	102,443	(17,304,970)	4,974,516	63,796	6,928,913

RAPID NUTRITION PLC

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2018

	Note	30 June 2018	30 June 2017
		£	£
Cash flows from operating activities			
Receipts from customers		175,261	1,084,486
Payments to suppliers and employees		(1,248,370)	(1,275,893)
Deposits received			141,001
Interest received		-	4
Net cash used by operating activities	25	(1,073,109)	(50,402)
Cash flows from investing activities			
Purchase of plant and equipment	14	(1,331)	(3,303)
Net cash used in investing activities		(1,331)	(3,303)
Cash flows from financing activities			
Proceeds from issue of Shares		1,130,875	
Proceeds from borrowings		226,606	62,291
Repayment of related party borrowings		(201,064)	-
Net cash from financing activities		1,156,417	62,291
Increase in cash and cash equivalents		81,977	8,586
Cash and cash equivalents at the beginning of the period		42,096	33,510
Cash and cash equivalents at the end of the period	8	124,073	42,096

RAPID NUTRITION PLC

PARENT COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2018

	Note	30 June 2018 £	30 June 2017 £
Statement of Financial Position			
<i>Current assets</i>			
Intercompany loan		-	-
Financial assets	12	3,450,069	3,496,465
Other assets		29,951	31,433
<i>Total current assets</i>		3,480,020	3,527,898
<i>Non-current assets</i>			
Investment in subsidiaries	23	-	-
<i>Total non-current assets</i>		-	-
Total Assets		3,480,020	3,527,898
<i>Current Liabilities</i>			
Intercompany loan	22	445,446	398,086
<i>Total current liabilities</i>		445,446	398,086
<i>Non-Current Liabilities</i>			
Deferred tax		416,219	664,328
Convertible Note		150,000	
<i>Total non-current liabilities</i>		566,219	664,328
Total Liabilities		1,011,665	1,062,414
Net Assets		2,468,355	2,465,484
Issued Capital	20	19,093,128	17,962,253
Share Premium		102,443	102,443
Reserves		(1,232,085)	(354,174)
Accumulated Losses	21b	(15,495,131)	(15,245,038)
Total Equity		2,468,355	2,465,484

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 loss for the financial period as determined in accordance with IFRS's is £250,093. 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 2018

	Ordinary Share Capital £	Share Premium £	Foreign Exchange Reserve £	Retained Earnings £	Total Equity £
Balance at 30 June 2017	17,962,253	102,443	(354,174)	(15,245,038)	2,465,484
Comprehensive income					
Loss for the period	-	-	-	(430,494)	(430,494)
Share Issued	1,130,875				1,130,875
Foreign exchange difference	-	-	(877,911)	-	(877,911)
Total comprehensive income for the period	1,130,875	-	(877,911)	(430,494)	(177,530)
Balance as at 30 June 2018	19,093,128	102,443	(1,232,085)	(15,675,532)	2,287,954

RAPID NUTRITION PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

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 2018.

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.

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.

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

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.

RAPID NUTRITION PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

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 Foreign Currencies

Functional and presentation currency

An entity's functional currency is the currency of the primary economic environment in which it operates. Due to the importance of Australia as the group's headquarters and base of operations, the directors of the group view Australian Dollars as the group's functional currency.

However, in light of the Group's considering and potentially working towards a dual listing and for the benefit of future comparability with its industry peer group, the directors decided from 1 July 2016 to alter the presentation currency of the group from Australian dollars to British pounds sterling. The change in presentation currency represents a voluntary change in accounting policy and has been applied retrospectively.

To give effect to the change in presentation currency, the assets and liabilities of the Group, which were presented in Australian dollars as at 30 June 2018, were converted into British pounds at a fixed exchange rate on 30 June 2018 of A\$1: £0.5634 and the contributed equity, reserves and retained earnings were converted at applicable historical rates.

Revenue and expenses for the twelve months ended 30 June 2018 were converted at the exchange rates ruling at the date of the transaction to the extent practicable (at an average of A\$1: £0.5762 for the reporting period), and equity balances were converted at applicable historical rates.

The Australian dollar assets and liabilities at 1 July 2017 were converted at the rate of A\$1: £0.4885 in order to derive British pound opening balances.

The above stated procedures resulted in the recognition of a foreign currency translation reserve of (£56,066) on 30 June 2018, as set out in the statement of changes in equity.

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.

1.5 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.

RAPID NUTRITION PLC

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FOR THE YEAR ENDED 30 JUNE 2018

Distribution

The sale of the Group's products is effected through a distributorship model pursuant to which the Group enters into marketing and distribution license agreements with distributors.

The Group's growth strategy, which consists of three key factors – expanded distribution, increased product offerings and strengthened integration, is intended to build a vertically integrated company with a unique position in the biotechnology and nutraceutical space. The Directors believe that this strategy enables the Group to impose superior standards of quality control for its products, to strengthen its value chain, and to scale up to optimum business efficacy.

Sales of goods – wholesale

The group manufactures and sells a range of life science nutrition products in the retail market. Sales of goods are recognised when an order is executed and stock is segregated from the group's inventory, ready for collection in accordance with that customer's terms of trade.

The life science products are often sold with volume discounts; customers have a right to return faulty products in the wholesale market. 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.

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 as at the date that payment is received, because that is the point the buyer accepts legal responsibility for the good being sold. Transactions are settled by credit or payment card.

1.6 Finance income

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

1.7 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%

RAPID NUTRITION PLC

NOTES TO THE FINANCIAL STATEMENTS

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1.8 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.

1.9 Research and Development

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

1.10 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.

(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.

RAPID NUTRITION PLC

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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:

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.

1.11 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.

1.12 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.

1.13 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.

RAPID NUTRITION PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

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

1.14 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.

1.15 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.

1.16 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.

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.

1.17 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.

RAPID NUTRITION PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

1.18 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.

1.19 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 9.5% 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.

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.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

1.21 Merger Reserve

The merger reserve account, shown within equity, relates to a historical acquisition by Rapid Nutrition PLC of Rapid Nutrition Pty Ltd. At the time of the acquisition, both entities were under common control and hence scoped out of IFRS accounting standards. The Directors chose to apply merger accounting from UK GAAP in this instance, leading to the creation of the merger reserve.

This balance effectively reduces the share capital value back to its value before the merger, as no increase in assets was achieved through the transaction.

1.22 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.

1.23 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 year beginning on 1 July 2017 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 2018, 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:

- 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 once it is approved by the relevant EU authorities. The group will also consider the impact of the remaining phases of IFRS 9 when completed by the Board.

RAPID NUTRITION PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

2. Parent Information

Contingent Liabilities

At 30 June 2018, Rapid Nutrition PLC did not have any contingent liabilities.

Contractual Commitments

At 30 June 2018, 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 2018, there were three main segments, with revenue (the financial variable they evaluate performance via) as follows:

Location	Revenue – year to 30 June 2018 £	Revenue – year to 30 June 2017 £
Australia	525,474	398,122
USA	1,864,171	1,425,246
Other	-	96,916
Total	2,389,645	1,920,284

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.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

4. Revenue

	30 June 2018 £	30 June 2017 £
Direct Sales	1,190,150	452,276
Licensing Fees	1,199,420	1,468,004
Interest Income	75	4
	2,389,645	1,920,284

5. Operating profit

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

	30 June 2018 £	30 June 2017 £
Gains on foreign exchange	84,165	6,468
<i>Expenses:</i>		
Depreciation on property, plant and equipment	1,822	-
Directors' remuneration	86,434	81,515
Superannuation contributions (directors)	8,211	7,744
Directors' consulting fees	12,535	55,005
Auditor's remuneration		
- As auditors (for group and subsidiary)	11,901	11,901
- As tax agents (for tax compliance)	1,488	1,488

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 2018

6. Employees

	30 June 2018 £	30 June 2017 £
Staff costs for the group during the period:		
Wages and salaries	86,434	81,515
Other pension costs	8,211	7,744
	94,645	89,259

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

	30 June 2018	30 June 2017
Management staff	3	3

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 2018 £	30 June 2017 £
Current Tax		
Current tax on profits in the period	116,213	46,555
Reverse of previous over-accrual	-	-
Deferred Tax		
Origination of temporary timing differences	-	935
Income Tax Expense	116,213	47,490

The deferred tax charge shown relates to the unrealised gain recognised on financial assets held at 30 June 2018 as disclosed in Note 12. 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

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Factors affecting current tax charge

All operations are undertaken in Australia, thus 100% of the Group profit is considered taxable under Australian law. The current rate of tax in Australia is 30%.

	30 June 2018	30 June 2017
	£	£
Profit before taxation	1,186,140	487,691
Profit on ordinary activities multiplied by the standard rate of tax in the Australia of 30% (2016: 30%)	355,842	146,307
Income adjustments (unrealised loss)	(239,629)	(53,849)
Brought forward losses utilised	-	(45,903)
Total current tax	116,213	46,555

No change in the corporation tax rate has been announced by the Australian Tax Office for any upcoming period.

8. Cash and cash equivalents – group

	30 June 2018	30 June 2017
	£	£
Cash at bank	124,073	42,096

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 2018	30 June 2017
	£	£
Trade receivables	681,670	1,574,876
Provision for doubtful debts	(455,160)	-
	226,510	1,574,876

RAPID NUTRITION PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

10. Prepayments

	30 June 2018 £	30 June 2017 £
Advertising prepayment	-	1,706,869

The prepaid amount related to advertising in support of the USA and UK rollout. The prepaid advertising was sold to Screencast Marketing LLC as of 30 May 2018 for contributed equity in the Company.

11. Inventory - group

	30 June 2018 £	30 June 2017 £
Finished goods	233,251	73,466

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

	30 June 2018 £	30 June 2017 £
Motivideo Shares	3,450,069	3,496,465

Shares held for trading are traded for the purpose of 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	3,496,465
- Loss to 30 June 2018	-
Foreign exchange loss	(46,396)
Value at period end	3,450,069

RAPID NUTRITION PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

13. Investments

	30 June 2018	30 June 2017
	£	£
Investment in Vibe Life	59	59
Investment in ScreamCast Media LLC	4,740,762	-
	4,740,821	59

As part of the group's long term vision, and change of business model, the group holds an equity position in the above companies to further support its marketing and distribution efforts in Australia, China and USA.

14. Property, plant and equipment - group

	Motor Vehicles \$	Computer Equipment \$	Fixtures, fittings and equipment \$	Total \$
Cost				
As at 1 July 2017	102,282	11,619	6,278	120,179
Additions	-	1,331	-	1,331
At 30 June 2018	102,282	12,950	6,278	121,510
Depreciation				
As at 1 July 2017	102,282	9,675	6,278	118,235
Charge for the period	-	1,822	-	1,822
At 30 June 2018	102,282	11,497	6,278	120,057
Net book amount at 30 June 2018	-	1,453	-	1,453

RAPID NUTRITION PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

15. Intangible Assets - group

	<u>30 June 2018</u> £	<u>30 June 2017</u> £
Intellectual property	<u>1,186</u>	<u>1,245</u>

16. Trade and other payables – current - group

	<u>30 June 2018</u> £	<u>30 June 2017</u> £
Trade Payables	190,571	9,410
Other	8,284	46,555
Accrued wages	42,000	452,475
	<u>240,855</u>	<u>508,440</u>

The balance of accrued wages is owed to Mr St Ledger, the Executive Chairman, and his related parties. In the interests of the Company and as evidence of Mr St Ledger's commitment to the Company's future plans, prior period balance had been converted to equity in the current financial year.

17. Borrowings - group

	<u>30 June 2018</u> £	<u>30 June 2017</u> £
Other Loans	652,411	710,861
Current Hire Purchase Liability	-	13,342
Less: Current Hire Purchase Interest	-	(1,360)
	<u>652,411</u>	<u>722,843</u>

The amount in other loans is a short term loan provided by J&J Smith, shareholders in the Company. The loan is unsecured, subject to interest at 6.5% per annum and has been fully reconciled to recognize all expenses paid on the Company's behalf by the lender.

RAPID NUTRITION PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

18. Deferred tax liability – group and parent company

	30 June 2018	30 June 2017
	<u>£</u>	<u>£</u>
Deferred tax liability	529,844	664,328

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 2018	30 June 2017
	<u>£</u>	<u>£</u>
Loans from related parties	387,042	150,297
Long Term Hire Purchase Liability	-	10,644
Less: Long Term Hire Purchase Interest	-	(505)
	<u>387,042</u>	<u>160,436</u>

20. Contributed equity – group and parent company

	30 June 2018	30 June 2017	30 June 2018	30 June 2017
	Securities	Securities	£	£
Ordinary no. of shares	32,459,824	23,265,104	19,093,128	17,962,253
	<u>32,459,824</u>	<u>23,265,104</u>	<u>19,093,128</u>	<u>17,962,253</u>

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 2018

21. Retained Earnings

a) Group

	30 June 2018 £	30 June 2017 £
Balance brought forward	3,904,588	3,464,387
Profit for the year	1,069,928	440,201
Balance carried forward	4,974,516	3,904,588

b) Parent company

	30 June 2017 £	30 June 2016 £
Balance brought forward	(15,245,038)	(14,524,479)
Profit for the year	(430,494)	(720,559)
Balance carried forward	(15,675,532)	(15,245,038)

22. Intercompany loan – parent company

	30 June 2018 £	30 June 2017 £
Balance brought forward	398,086	(395,169)
Monies advanced	-	-
Other movement	47,360	793,255
Balance carried forward	445,446	398,086

RAPID NUTRITION PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

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.

The group also incorporated Rapid Nutrition Asia Pty Ltd during the period which remains a 100% direct subsidiary of the Company. 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 2018	30 June 2017
	£	£
Value of shares held	14,935,558	15,672,528
Provision for impairment	(14,935,558)	(15,672,528)
Balance at year end date	-	-

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

24. Related party transactions

Name (relationship)	Transaction	Amount		Amount due from/(to) related party	
		2018	2017	2018	2017
		£	£	£	£
	Salaries	-	-	(43,217)	(572,555)
JBG Corp Pty Ltd	Consulting Fees	12,677	23,209	-	-
	Loan funds	-	-	(35,919)	(150,904)
Health-E-Nominees	Consultancy Expenses		34,860	-	-
Richard Serbin	Consultancy Expenses		(7,141)	-	-

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Nature of related parties

JBG Corp Pty Ltd is a company controlled by the director of Rapid Nutrition, Simon St Ledger and his related parties.

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

Mr Richard Serbin was a director of Rapid Nutrition PLC during the last financial year 2017.

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

Key Management Personnel

All transactions with key management personnel (the directors) during the year ended 30 June 2018 are disclosed below:

2018	<i>Salary (£)</i>	<i>Superannuation (£)</i>	<i>Consultancy Fees (£)</i>	Total (£)
Simon St Ledger ¹	86,434	8,211	-	94,645
Shayne Kellow	-	-	-	-
Malcolm Sinclair	-	-	-	-

¹ – Simon St Ledger's employment terms, as formalised by board resolution, specify a salary of AUD 150,000 (GBP 86,434) per year. During the year to 30 June 2018, nil 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.

RAPID NUTRITION PLC

NOTES TO THE FINANCIAL STATEMENTS

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

	30 June 2018	30 June 2017
	£	£
Profit after tax	1,069,928	440,201
<i>Adjustments for:</i>		
Taxation	-	47,490
Depreciation	193	1,359
Unrealised gains/(loss)	187,513	(179,496)
Impairment of investment	128,687	225,981
Gain on foreign exchange (non-cash)	-	(10,517)
Share based payments	(4,607,274)	-
Decrease/(increase) in Receivables	1,348,366	(835,794)
(Increase)/decrease in Inventory	(159,785)	30,818
(Decrease)/increase in Payables (excluding tax)	(267,586)	88,555
(Decrease)/increase in Deposits	(141,001)	141,001
Increase in conversion of debt to equity	1,130,875	-
Increase in Other borrowings	236,975	-
Net cash outflow from operations	(1,073,109)	(50,402)

RAPID NUTRITION PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

26. Financial risk management

The group's financial instruments consist mainly of shares held in other companies, deposits with banks, accounts receivable and payable & loans from related parties.

The group's financial instruments at 30 June 2018 were classified as follows:

	Note	30 June 2018 £	30 June 2017 £
Financial assets			
Cash and cash equivalents	8	124,073	42,096
Trade and other receivables	9	226,510	1,574,876
Financial assets	12	3,450,069	3,496,465
Total financial assets		3,800,652	5,113,520
Financial liabilities			
- Trade and other payables	16	240,855	508,440
- Borrowings	17, 19	1,039,453	883,279
		1,280,308	1,391,719

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.

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 US dollars, so the risk of any adverse movement in the foreign currency exchange rates is borne by the group.

As at 30 June 2018, if the US dollar 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 \$298,880 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 2018. As such, sensitivity analysis with regard to movements in interest rates would not be meaningful.

RAPID NUTRITION PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

(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 & 19 – 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.

27. Share Based Payments

No share options have been granted to employees or directors

28. Earnings per share

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

	30 June 2018	30 June 2017
	£	£
Profit for the year	1,069,928	440,201
Number of shares	32,459,824	23,265,104

There were no instruments (e.g. redeemable preference shares or share options) in issue as at 30 June 2018 that could potentially dilute earnings per share in the future.

29. Subsequent Events

On July 11th 2018 the Company announced that it continues to expand in the rapidly growing Asia market securing a distribution agreement with Schering Life Sciences to market and distribute the Companies flagship brand SystemLS™.

On July 27th 2018 the Company appointed Vesta Vanderbeken to its board of directors.

On July 27th 2018 Malcolm Sinclair resigned form the board.

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

RAPID NUTRITION PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

30. 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

RAPID NUTRITION PLC
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED 30 JUNE 2018

MOORE STEPHENS

Zurich, October 25, 2018

Independent auditor's report
To the shareholders of
Rapid Nutrition PLC
London, UK

MOORE STEPHENS EXPERT (ZURICH) AG
Usterstrasse 11
CH-8001 Zürich

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Gotthardstrasse 55
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Independent auditor's report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of **Rapid Nutrition PLC** and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at June 30, 2018 and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended and notes (excluding information on the parent company) to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion the consolidated financial statements (pages 12 to 16 and 19 to 41) give a true and fair view of the consolidated financial position of the Group as at June 30, 2018 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those provisions and standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

We are independent of the Group in accordance with the provisions of the IESBA Code of Ethics for Professional Accountants, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter identified is:

- **Revenue recognition**

RAPID NUTRITION PLC

INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 30 JUNE 2018

MOORE STEPHENS

Revenue recognition

Key audit matter

Rapid Nutrition, as a Group, generates revenues from sales and licensing of various health food and sports nutrition products, including the Leisa's Secret and System LS lines.

The method for recognising revenue varies depending on the type of sale being made:

- *Retail sales*
These sales are recognised at the date the stock is segregated from other inventory, ready for collection or delivery in accordance with these customers' terms of trade.
- *Licensing sales*
These arrangements are established via contract, with clauses that specify what periods' payments relate to, and subsequent royalty percentages payable by the licensee.

There are risks around the timing of revenue recognition of retail product sales, particularly focused on the contractual terms of delivery and location of sale. In addition, due to the volume of transactions in the year, and the different types of revenue, we have identified revenue recognition as a key risk for our audit.

Response

- The audit work assessed the design and implementation of controls over the recognition of revenue. Testing in detail, a sample of completed orders around the year end date, with specific focus on recognition conditions for revenue.
- Assessment of the transfer of risk and reward to the customer by reviewing dates of transaction completion in the Group's financial records, and dates of stock segregation and dispatch for retail sales.
- Evaluation of the Group's contracts for licensing its products, with particular focus on the period the contracts were active for.

The Group's revenue recognition policy is disclosed in note 1.5.

Materiality

The materiality determined for the Group financial statements as a whole was £47'800, which represents 2% of the Group's revenue for the year ended 30 June 2018. The materiality was not changed during the audit. We would report all differences above £ 2'400 to the Board of Directors.

Other Information in the Annual Report

The Board of Directors is responsible for the other information in the annual report. The other information comprises all information included in the annual report, but does not include the consolidated financial statements and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information in the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information in the annual report and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RAPID NUTRITION PLC

INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 30 JUNE 2018

MOORE STEPHENS

Responsibility of the Board of Directors for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with (IFRS) as adopted by the EU, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the website of EXPERTsuisse: <http://expertsuisse.ch/en/audit-report-for-public-companies>. This description forms part of our auditor's report

MOORE STEPHENS EXPERT (ZURICH) AG



Claudia Suter
Licensed audit expert
Auditor in charge



Peter Marti
Licensed audit expert