

RAPID NUTRITION PLC

INTERIM FINANCIAL STATEMENTS

31 DECEMBER 2014

RAPID NUTRITION PLC
RESPONSIBILITY STATEMENT
AS AT 31 DECEMBER 2014

The directors of Rapid Nutrition PLC and its controlled entity ("the Group") confirm that, to the best of our knowledge:

- a) The condensed set of consolidated financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting" and all relevant pronouncements of the *Companies Act 2006*.
- b) The condensed set of consolidated financial statements give a true and fair view of the Group's financial position as at 31 December 2014 and of its performance for the interim period ended on that date.
- c) There are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

By order of the Board,

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

Simon St. Ledger

Managing Director

12 January 2015

RAPID NUTRITION PLC

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE PERIOD ENDED 31 DECEMBER 2014

| | Note | Period from 1 July 2014 to 31 December 2014 (unaudited) \$ | Year to 30 June 2014 (audited) \$ | Period from 11 January 2012 to 30 June 2013 (audited) \$ |
|---|------|--|--|---|
| Revenue | 4 | 2,064,084 | 1,595,448 | 474,897 |
| Cost of sales | | | | |
| Opening inventory | | (43,829) | (160,967) | (33,623) |
| Direct costs | | (856,224) | (506,105) | (451,001) |
| Closing inventory | | 187,886 | 43,829 | 160,967 |
| Gross profit | | 1,351,917 | 972,205 | 151,240 |
| Gain on foreign exchange | | - | - | 329,634 |
| Administrative expenses | | (436,556) | (603,403) | (817,466) |
| Operating profit/(loss) | | 915,361 | 368,802 | (336,592) |
| Unrealised gain on financial assets | | - | 1,555,665 | 2,835,585 |
| Currency Gain | | - | 108,455 | - |
| Profit/(loss) before tax | | 915,361 | 2,032,922 | 2,498,993 |
| Tax expense | | (274,608) | (286,019) | (728,000) |
| Net profit/(loss) for the period attributable to members of the Company | | 640,753 | 1,746,903 | 1,770,993 |
| Other comprehensive income | | - | - | - |
| Total comprehensive income for the period attributable to members of the Company | | 640,753 | 1,746,903 | 1,770,993 |
| Basic & diluted earnings per share | 5 | 0.02 | 0.08 | 0.013 |

RAPID NUTRITION PLC

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2014

| | Note | 31 December 2014 (unaudited) \$ | 30 June 2014 (audited) \$ | 30 June 2013 (audited) \$ |
|--------------------------------------|------|--|---------------------------------|---------------------------------|
| Current assets | | | | |
| Cash and cash equivalents | | 209,790 | 4,441 | 13,274 |
| Trade and other receivables | | 1,356,624 | 1,581,352 | 353,803 |
| Inventory | | 145,500 | 43,829 | 160,967 |
| Financial assets | 6 | 4,828,662 | 4,828,662 | 3,165,218 |
| Other assets | | 10,835 | 10,835 | 576,687 |
| Loan | | 286,168 | 286,168 | - |
| Total current assets | | 6,837,579 | 6,755,287 | 4,269,949 |
| Non-current assets | | | | |
| Property, plant and equipment | | 40,709 | 40,708 | 78,947 |
| Intangible assets | | 228,605 | 228,605 | 2,105 |
| Total non-current assets | | 269,313 | 269,313 | 81,052 |
| Total assets | | 7,024,600 | 7,024,600 | 4,351,001 |
| Current liabilities | | | | |
| Trade and other payables | | 363,208 | 532,088 | 276,811 |
| Borrowings | | 1,159,712 | 1,278,690 | 1,014,876 |
| Other payables | | - | 15,896 | 568 |
| Total current liabilities | | 1,522,920 | 1,826,674 | 1,292,255 |
| Non-current liabilities | | | | |
| Borrowings | | 68,443 | 70,367 | 75,891 |
| Deferred tax liabilities | | 678,944 | 1,014,019 | 728,000 |
| Total non-current liabilities | | 747,387 | 1,084,386 | 803,891 |
| Total liabilities | | 2,270,307 | 2,911,060 | 2,096,146 |
| Net assets | | 4,754,293 | 4,113,540 | 2,254,855 |
| Equity | | | | |
| Shares | | 27,084,376 | 27,084,376 | 26,972,594 |
| Merger reserve | | (26,077,411) | (26,077,411) | (26,077,411) |
| Retained earnings | | 3,747,328 | 3,106,575 | 1,359,672 |
| Total equity and reserves | | 4,754,293 | 4,113,540 | 2,254,855 |

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD 1 JULY 2014 TO 31 DECEMBER 2014

| | Ordinary Share Capital \$ | Merger Reserve \$ | Retained Earnings \$ | Total Equity \$ |
|--|---------------------------------|-------------------------|----------------------------|--------------------|
| Opening balance 11 January 2012 | 373,863 | - | (411,321) | (37,458) |
| Comprehensive income | | | | |
| Profit for the period | - | - | 1,770,993 | 1,770,993 |
| Total comprehensive income for the period | - | - | 1,770,993 | 1,770,993 |
| Transactions with owners, in their capacity as owners | | | | |
| Share for share exchange on acquisition of the subsidiary | 26,077,411 | (26,077,411) | - | - |
| Shares issued during the period | 576,695 | - | - | 576,695 |
| Shares issued cost | (55,375) | - | - | (55,375) |
| Balance as at 30 June 2013 | 26,972,594 | (26,077,411) | 1,359,672 | 2,254,855 |

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD 1 JULY 2014 TO 31 DECEMBER 2014

| | Ordinary Share Capital \$ | Merger Reserve \$ | Retained Earnings \$ | Total Equity \$ |
|--|---------------------------------|-------------------------|----------------------------|--------------------|
| Opening balance 1 July 2013 | 26,972,594 | (26,077,411) | 1,359,672 | 2,254,855 |
| Comprehensive Income | | | | |
| Profit for the period | - | - | 1,746,903 | 1,746,903 |
| Total comprehensive income for the period | - | - | 1,746,903 | 1,746,903 |
| Transactions with owners, in their capacity as owners | | | | |
| Share for share exchange on acquisition of the subsidiary | | | | |
| Shares issued during the period | 111,783 | - | - | 111,783 |
| Transactions with owners, in their capacity as owners | 111,783 | - | - | 111,783 |
| Balance as at 30 June 2014 | 27,084,377 | (26,077,411) | 3,106,575 | 4,113,540 |
| Opening balance 1 July 2014 | 26,972,594 | (26,077,411) | 3,106,575 | 4,113,540 |
| Comprehensive Income | | | | |
| Profit for the period | - | - | 640,753 | 640,753 |
| Total comprehensive income for the period | - | - | 640,753 | 640,753 |
| Balance as at 31 December 2014 | 26,972,594 | (26,077,411) | 3,747,328 | 4,754,293 |

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE PERIOD 11 JANUARY 2012 TO 31 DECEMBER 2014

| | Period from 1 July 2014 to 31 December 2014 (unaudited) \$ | Period from 1 July 2013 to 30 June 2014 (audited) \$ | Period from 11 January 2012 to 30 June 2013 (audited) \$ |
|---|---|--|---|
| Cash flows from operating activities | | | |
| Receipts from customers | 707,460 | 81,902 | 121,464 |
| Payments to suppliers and employees | (504,378) | (369,901) | (1,015,412) |
| Net cash used by operating activities | (203,082) | (287,999) | (893,948) |
| Cash flows from investing activities | | | |
| Purchase of plant and equipment | - | - | (8,525) |
| Payments for intangibles | - | - | (2,105) |
| Net cash used by investing activities | - | - | (10,630) |
| Cash flows from financing activities | | | |
| Proceeds from issue of shares | - | 106,839 | - |
| Costs of issue of shares | - | - | (55,375) |
| Proceeds from borrowings | 487,501 | 252,187 | 985,988 |
| Proceeds from related party borrowings | (60,346) | (60,346) | - |
| Payment for Finance Lease | (9,671) | (19,343) | - |
| Loans advanced | (171) | (171) | - |
| Net cash used by financing activities | 417,313 | 279,166 | 930,613 |
| Increase/(decrease) in cash and cash equivalents | 214,231 | (8,833) | 26,035 |
| Cash and cash equivalents at the beginning of the period | 4,441 | 13,274 | (12,761) |
| Cash and cash equivalents at the end of the period | 209,790 | 4,441 | 13,274 |

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2014

1. General Information

The information for the period ended 30 June 2013 does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. A copy of the statutory accounts for that period has been delivered to the Registrar of Companies. The auditors reported on those accounts: their report was unqualified, drew attention to the Group's going concern status by way of emphasis, and did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

2. Accounting Policies

Basis of preparation

The statutory financial statements of Group plc are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of consolidated financial statements included in this interim financial report has been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting', as adopted by the European Union.

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.

The Directors recognise that the ability of the Group to continue as a going concern and to pay its debts as and when they fall due may be dependent on settlement of substantial receivable balances, funding via equity and debt, continued support of shareholders through short term loans, and successful realisation of revenue growth via the company's plans for successful launch of company's new product lines. On this basis, the Directors believe there are sufficient funds to meet the Group's working capital requirements going forward.

The company's cash position has strengthened over the past six months due to trade receivables being received.

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

Changes in accounting policy

For the current, interim financial period, the Group has noted no amendments to International Accounting Standards that will be effective for the first time. As such, the same accounting policies, presentation and methods of computation are followed in the condensed set of financial statements as applied in the Group's latest statutory audited financial statements.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2014

3. Operating Segments

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

As a new group, currently in its growth phase, the Board (the Group's chief operating decision maker) believe that, at 31 December 2014, there was only one business segment, the life science and health food products market.

The revenue and results of this segment are those of the Group as a whole and are set out in the statement of profit or loss and other comprehensive income. The segment assets and liabilities of this segment are those of the Group and are set out in the condensed consolidated statement of financial position.

4. Revenue

| | Period from 1 July 2014 to 31 December 2014 \$ | Period from 1 June 2013 to 30 June 2014 \$ | Period from 11 January 2012 to 30 June 2013 \$ |
|-------------------|---|---|---|
| Direct Sales | 171,091 | 16,937 | 115,051 |
| Distributor Sales | 1,892,993 | 1,578,511 | 359,846 |
| Licensing Fees | - | - | - |
| | 2,064,084 | 1,595,448 | 474,897 |

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2014

5. Earnings per Share

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

| | Period from 1 July 2014 to 30 December 2014 \$ | Period from 1 July 2013 to 30 June 2014 \$ | Period from 11 January 2012 to 30 June 2013 \$ |
|--------------------------------------|---|---|---|
| Profit for the period | 640,753 | 1,746,903 | 1,770,993 |
| Weighted average number of shares | 23,265,104 | 23,265,104 | 23,188,404 |

RAPID NUTRITION PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2014

6. Financial assets

Financial assets measured at fair value through profit or loss

Financial assets held for trading:

- Investments in equity instruments held for trading

| | 31 December 2014 \$ | 30 June 2014 \$ | 10 January 2013 \$ |
|-----------------------------------|------------------------------|-----------------------|--------------------------|
| Held for Trading Motivideo Shares | 4,828,662 | 4,828,662 | 3,165,218 |

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

Reconciliation of period end balance:

| | |
|--------------------------------------|-----------|
| Unrealised gains: | \$ |
| Value brought forward at 1 July 2014 | 4,828,662 |
| Gain to 31 December 2014 | - |
| Value at period end | 4,828,662 |

**MANAGEMENT REVIEW REPORT TO THE
MEMBERS OF RAPID NUTRITION PLC
AS AT 31 DECEMBER 2014**

We have completed our review on the condensed set of consolidated financial statements in the interim financial report for the six months ended 31 December 2014 which comprises the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity, the condensed consolidated balance sheet, the condensed consolidated cash flow statement and related notes 1 to 6. We have read the other information contained in the interim financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

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

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

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

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

Directors' responsibilities

The interim financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority. This report is made solely to the Company and to the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our review work, for this report, or for the conclusions we have formed.

As disclosed in note 2, the statutory financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of consolidated financial statements included in this interim financial report has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting", as adopted by the European Union.

Our responsibility is to express to the Company a conclusion on the condensed set of consolidated financial statements in the interim financial report based on our review.

**MANAGEMENT REVIEW REPORT TO THE
MEMBERS OF RAPID NUTRITION PLC
AS AT 31 DECEMBER 2014**

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of consolidated financial statements in the interim financial report for the six months ended 31 December 2014 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

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

We believe that the Group's ability to continue as a going concern is dependent on the Group receiving monies owed by trade receivables, and successfully realising revenue growth via the Group's plans to launch their new product lines in the coming year.



Simon St Ledger – Managing Director

By order of the board – Rapid Nutrition PLC

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12 January 2015