The Infant Food Holding Co. Pty Limited and Controlled Entities
ACN 164 764 676

Annual Report – 30 June 2015

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The Infant Food Holding Co. Pty Limited and Controlled Entities
Auditor's Independence Declaration
Under Section 307C of the Corporations Act 2001

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2015 there have been:

(i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Name of Firm Logicca Assurance Pty Limited

Name of Director Peter Hersh

Address Level 6, 151 Macquarie Street
SYDNEY NSW 2000

Dated this 26th day of August 2016

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The Infant Food Holding Co. Pty Limited ACN 164 764 676 and Controlled Entities

Independent Auditor's Report to the members of The Infant Food Holding Co. Pty Limited and Controlled Entities

Report on the Financial Report

We have audited the accompanying financial report of The Infant Food Holding Co Pty Limited, which comprises the consolidated statement of financial position as at 30 June 2015, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, provided to the directors of The Infant Food Holding Co. Pty Ltd, would be in the same terms if provided to the directors as at the time of this auditor's report.

Basis for Qualified Opinion

We were appointed auditors of the company on 27 April 2016 and thus did not observe the counting of the physical inventories at the beginning and end of the financial year. We were unable to satisfy ourselves by alternative means concerning inventory quantities held at 30 June 2014 and 2015, which are stated in the consolidated statement of financial position at 30 June 2014 and 30 June 2015 respectively. Consequently, we were unable to determine whether any adjustments to the inventories stated in the consolidated statement of financial position were necessary.

Since opening and closing inventories enter into the determination of the financial performance and cash flows, we were unable to determine whether any adjustments might have been found necessary in respect of the income for the year reported in the statement of comprehensive income and the net cash flows from operating activities reported in the statement of cash flows.

During the year the company recognised to other income forfeited deposit of $157,500 as a result of termination of a contract by a customer. We have not obtained sufficient and appropriate evidence to satisfy ourselves that the deposit can be forfeited in the current financial year. As a result, we were unable to determine whether any adjustments might have been necessary in respect of the other income reported in the statement of comprehensive income.

Qualified Opinion

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph,

a. the financial report of The Infant Food Holding Co. Pty Limited is in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;

b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Name of Firm: Logicca Assurance Pty Limited

Name of Director: Peter Hersh

Address: Level 6, 151 Macquarie Street Sydney NSW 2000

Dated this 26th day of August 2016

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Annual financial statements

GENERAL INFORMATION

The financial statements cover The Infant Food Holding Co. Pty Limited for the year. The financial statements are presented in Australian dollars, which is The Infant Food Holding Co. Pty Limited's functional and presentational currency.

The Infant Food Holding Co. Pty Limited's registered office and principal place of business is:

12 Clearview Place
Brookvale, NSW 2100

The Infant Food Holding Co. Pty Limited and Controlled Entities
Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the period ended 30 June 2015

		Consolidated	
	Notes	2015 $	2014 $
Revenue from continuing operations			
Gross sales	3	2,005,787	1,134,091
Trading rebates		(187,017)	0
Revenue		1,818,770	1,134,091
Cost of sales		(1,449,162)	(965,628)
Gross profit		369,608	168,463
Other income	3	176,590	43,281
Distribution and selling costs	4	(225,400)	(89,761)
Employee costs	4	(113,354)	(235,517)
Marketing and promotion costs	4	(19,878)	(14,521)
Rent	4	(34,036)	(32,350)
Administrative and other costs	4	(320,680)	(294,945)
Depreciation, amortisation and impairment	4	(81,241)	(969,096)
Earnings before net interest and tax		**(248,391)**	**(1,424,446)**
Net interest income		(133,471)	(0)
Profit before tax		**(381,862)**	**(1,424,446)**
Income tax expense	5	18,808	15,768
Loss for the year		**(363,054)**	**(1,408,678)**
Other comprehensive income		0	0
Total comprehensive income for the period		**(363,054)**	**(1,408,678)**

The accompanying notes form part of these financial statements.

The Infant Food Holding Co. Pty Limited and Controlled Entities
Consolidated Statement of Financial Position
As at 30 June 2015

		Consolidated	
	Notes	2015 $	2014 $
Assets			
Current assets			
Cash and cash equivalents	6	12,032	21,589
Trade and other receivables	7	391,547	662,634
Inventories	8	611,738	263,554
Total current assets		1,015,317	947,777
Non-current assets			
Property, plant and equipment	9	39,445	49,018
Intangible assets	10	1,369,314	1,429,778
Total non-current assets		1,408,759	1,478,796
Total assets		**2,424,076**	**2,426,573**
Liabilities			
Current liabilities			
Trade and other payables	11	700,621	637,148
Borrowings	12	1,252,355	942,339
Provisions	13	1,855	0
Total current liabilities		1,954,831	1,579,487
Non-current liabilities			
Provisions	14	4,021	0
Deferred tax liabilities	15	236,956	255,764
Total non-current liabilities		240,977	255,764
Total liabilities		2,195,808	1,835,251
Net assets		228,268	591,322
Equity			
Issued capital	16	2,000,000	2,000,000
Accumulated losses		(1,771,732)	(1,408,678)
Total equity		228,268	591,322

The accompanying notes form part of these financial statements.

The Infant Food Holding Co. Pty Limited and Controlled Entities
Consolidated Statement of Changes in Equity
For the period ended 30 June 2015

	Share Capital $	Reserves $	Total equity $
Balance at 11 July 2013	0	0	0
Comprehensive income			
Loss for the year		(1,408,678)	(1,408,678)
Total comprehensive income for the year	0	(1,408,678)	(1,408,678)
Transactions with owners in their capacity as owners:			
Capital contribution	2,000,000		2,000,000
Balance at 30 June 2014	2,000,000	(1,408,678)	591,322

	Share Capital $	Reserves $	Total equity $
Balance at 1 July 2014	2,000,000	(1,408,678)	591,322
Comprehensive income			
Loss for the year		(363,055)	(363,055)
Total comprehensive income for the year	0	(363,055)	(363,055)
Balance at 30 June 2015	2,000,000	(1,771,732)	228,268

The accompanying notes form part of these financial statements.

The Infant Food Holding Co. Pty Limited and Controlled Entities
Consolidated Statement of Cash Flows
For the period ended 30 June 2015

	Notes	Consolidated 2015 $	Consolidated 2014 $
Cash flows from operating activities			
Receipts from customers		1,856,386	1,393,373
Grants received		19,090	43,281
Payments to suppliers and employees		(2,046,581)	(2,263,829)
Interest paid		(133,471)	0
Net cash from operating activities	**17**	(304,576)	(827,175)
Cash flows from investing activities			
Purchases of property, plant and equipment	**9**	(11,520)	(982)
Purchase of intangible assets	**10**	(3,477)	(3,162)
Payments for the purchase of net assets through business combinations, net of cash acquired	**18**	0	(1,999,058)
Net cash from operating activities		(14,997)	(2,003,202)
Cash flows from financing activities			
Proceeds from share issue		0	2,000,000
Proceeds from borrowings		310,016	856,823
Repayment of hire purchase liabilities			(4,857)
Net cash from financing activities		310,016	2,851,966
Net increase / (decrease) in cash and cash equivalents		(9,557)	21,589
Cash and cash equivalents at the beginning of the financial year		21,589	0
Cash and cash equivalents at the end of the financial year	**6**	12,032	21,589

The accompanying notes form part of these financial statements.

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New, revised or amending Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

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

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

The financial statements, apart from the cash flow information, have been prepared on an accruals basis and are based on historical costs, except where applicable, by the measurement at fair value of selected non-current assets and financial assets and liabilities.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 23.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of The Infant Food Holding Co. Pty Limited ('company' or 'parent entity') as at 30 June 2015 and the results of all subsidiaries for the year then ended. The Infant Food Holding Co. Pty Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Income Tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Foreign currency translation

Foreign currency transactions
Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Revenue recognition
Revenue is recognised when it is probable that the economic benefit will flow to the consolidated entity and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Sale of goods revenue is recognised at the point of sale, which is where the customer has taken delivery of the goods, the risks and rewards are transferred to the customer and there is a valid sales contract. Amounts disclosed as revenue are net of sales returns and trade discounts.

Current and noncurrent classification
Assets and liabilities are presented in the statement of financial position based on current and noncurrent classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as noncurrent.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as noncurrent.

Deferred tax assets and liabilities are always classified as noncurrent.

Cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of

changes in value. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

Trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the consolidated entity will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Other receivables are recognised at amortised cost, less any provision for impairment.

Inventories
Inventories are stated at the lower of cost and net realisable value on a 'first in first out' basis. Cost comprises of direct materials and delivery costs, direct labour, import duties and other taxes, an appropriate proportion of variable and fixed overhead expenditure based on normal operating capacity. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable.

Stock in transit is stated at the lower of cost and net realisable value. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Plant and equipment	2-8 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Leases
The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to the ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the fair value of the leased assets, or if lower, the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

Leased assets acquired under a finance lease are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the consolidated entity will obtain ownership at the end of the lease term.

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

Intangible assets
Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the de-recognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually.

Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill
Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Research and development
Research costs are expensed in the period in which they are incurred. Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the consolidated entity is able to use or sell the asset; the consolidated entity has sufficient resources; and intent to complete the development and its costs can be measured reliably. Capitalised development costs are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 10 years.

Patents and trademarks
Significant costs associated with patents and trademarks are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 10 years.

Customer contracts
Customer contracts acquired in a business combination are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 years.

Software
Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 years.

Impairment of nonfinancial assets
Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

Other nonfinancial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables
These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings
Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Finance costs
Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Provisions
Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Employee benefits
Short-term employee benefits
Liabilities for wages and salaries, including nonmonetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits
The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense
Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Fair value measurement
When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For nonfinancial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and nonrecurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Issued capital
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.

Dividends
Dividends are recognised when declared during the financial year and no longer at the discretion of the company.

Business combinations
The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition date.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss.

Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition date.

The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Going Concern
The accounts have been prepared on the going concern basis. This assumes that the consolidated entity will be able to pay its debts as they fall due in the normal course of business.

New Accounting Standards and Interpretations not yet mandatory or early adopted
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2014.

The consolidated entity's assessment of the impact of these new or amended Accounting Standards, most relevant to the consolidated entity, are set out below.

AASB 9: *Financial Instruments* and associated Amending Standards (applicable to annual reporting periods beginning on or after 1 January 2018).

The Standard will be applicable retrospectively (subject to the provisions on hedge accounting outlined below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

The key changes that may affect the consolidated entity on initial application include upfront accounting for expected credit loss.

Although, the directors anticipate that the adoption of AASB 9 may have an impact on the consolidated entity's financial instruments, it is impracticable at this stage to provide a reasonable estimate of such impact.

AASB 15: *Revenue from Contracts with Customers* (applicable to annual reporting periods beginning on or after 1 January 2018, as deferred by AASB 2015-8: *Amendments to Australian Accounting Standards – Effective Date of AASB 15*).

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

- identify the contract(s) with a customer;
- identify the performance obligations in the contract(s);

- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract(s); and
- recognise revenue when (or as) the performance obligations are satisfied.

The transitional provisions of this Standard permit an entity to either: restate the contracts that existed in each prior period presented per AASB 108: *Accounting Policies, Changes in Accounting Estimates and Errors* (subject to certain practical expedients in AASB 15); or recognise the cumulative effect of retrospective application to incomplete contracts on the date of initial application. There are also enhanced disclosure requirements regarding revenue.

Although the directors anticipate that the adoption of AASB 15 may have an impact on the consolidated entity's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

AASB 16: Leases (applicable to annual reporting periods beginning on or after 1 January 2019).

When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: *Leases* and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

The main changes introduced by the new Standard include:

- recognition of a right-to-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
- depreciation of right-to-use assets in line with AASB 116: *Property, Plant and Equipment* in profit or loss and unwinding of the liability in principal and interest components;
- variable lease payments that depend on an index or a rate are included in the initial measurement of the lease liability using the index or rate at the commencement date;
- by applying a practical expedient, a lessee is permitted to elect not to separate non-lease components and instead account for all components as a lease; and
- additional disclosure requirements.

The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108 or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

Although the directors anticipate that the adoption of AASB 16 will impact the consolidated entity's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management

continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Provision for impairment of receivables
The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the recent sales experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtor's financial position.

Provision for impairment of inventories
The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

Estimation of useful lives of assets
The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or nonstrategic assets that have been abandoned or sold will be written off or written down.

Goodwill and other indefinite life intangible assets
The consolidated entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 1. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

Income tax
The consolidated entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax.

Recovery of deferred tax assets
Deferred tax assets are recognised for deductible temporary differences only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Note 3.

	Consolidated	
	2015 $	2014 $
Revenue		
Sales revenue		
Gross sale of goods	2,005,787	1,134,091
Less trading rebates	(187,017)	0
Revenue	1,818,770	1,134,091
Other revenue		
Grants received	19,090	43,281
Forfeited deposits	157,500	
Other Revenue	176,590	43,281

Note 4.

	Consolidated	
	2015 $	2014 $
Expenses		
(Loss)/profit before income tax includes the following specific expenses:		
Accountancy fees	111,419	99,011
Depreciation	18,546	12,355
Amortisation and impairment of intangible assets*	62,695	956,741
Bad debts written off	42,802	369
Defined contribution superannuation expense	14,046	14,597
Total	249,508	1,083,073

* Amortisation and impairment of intangible assets in 2014 includes an impairment expense of $904,181. The impairment represents a reduction in the carrying amount of goodwill and resulted from a reduction in the immediate outlook for trading conditions.

Note 5.

	Consolidated	
	2015 $	2014 $
Income tax (income) / expense		
Current tax	0	0
Deferred tax income	18,808	15,768
Aggregate income tax (benefit)/expense	18,808	15,768
Numerical reconciliation of income tax expense and tax at the statutory rate		
Loss before income tax expense	(381,862)	(1,424,446)
Prima facie income tax at 30%	(114,558)	(427,334)
Income tax losses not recognised	95,750	140,312
Non-allowable items	18,808	287,022
Decrease of deferred tax liability for intangible assets	18,808	15,768
	18,808	15,768
Tax losses		
Unused tax losses for which no deferred tax asset has been recognised	786,873	467,705
Potential tax benefit at 30%	236,062	140,312

Note 6.

	Consolidated	
	2015 $	2014 $
Current assets – cash and cash equivalents		
Cash on hand	2,007	1,558
Cash at bank	10,025	20,031
	12,032	21,589

Note 7.

	Consolidated	
	2015 $	2014 $
Current assets – receivables		
Trade debtors	273,348	153,464
Prepayments and receivables	114,699	509,170
Other receivables	3,500	0
	391,547	662,634

Credit risk
The consolidated entity has no significant concentration of credit risk with regard to any single counterparty other than receivables that comprise one major Australian retail outlet included in trade debtors, and deposits paid to two suppliers included in prepayments and deposits.

Note 8.

	Consolidated	
	2015 $	2014 $
Current assets – inventories		
Finished goods at cost	611,738	263,554
	611,738	263,554

Note 9.

	Consolidated	
	2015 $	2014 $
Non-current assets – property, plant and equipment		
Plant and equipment – at cost	65,717	61,334
Less: Accumulated depreciation	(26,272)	(12,316)
	39,445	49,018

	Plant and Equipment $	Total $
Movements in carrying amount		
Balance at 11 July 2013	0	0
Additions	982	982
Assets acquired through business combinations	60,391	60,391
Depreciation expense	(12,355)	(12,355)
Balance at 30 June 2014	49,018	49,018
Additions	11,520	11,520
Disposals	(2,547)	(2,547)
Depreciation expense	(18,546)	(18,546)
Balance at 30 June 2015	39,445	39,445

Note 10.

	Consolidated	
	2015 $	2014 $
Non-current assets – intangible assets		
Patents, trademarks and software	5,391	3,162
Brand name	591,634	591,634
Customer list	168,031	221,176
Recipes	30,188	39,736
Goodwill	574,070	574,070
	1,369,314	1,429,778

	Goodwill $	Brand name $	Other $	Total $
Movements in carrying amount				
Balance at 11 July 2013	0	0	0	0
Additions	0	0	3,162	3,162
Assets acquired through business combinations	1,478,251	591,634	313,472	2,383,357
Amortisation expense	(904,181)	0	(52,560)	(956,741)
Balance at 30 June 2014	574,070	591,634	264,074	1,429,778
Additions	0	0	3,477	3,477
Disposals	0	0	(1,246)	(1,246)
Amortisation expense	0	0	(62,695)	(62,695)
Balance at 30 June 2015	574,070	591,634	203,610	1,369,314

Indefinite life intangible assets – goodwill and brand name

On 28 August 2013, The Infant Food Co. Pty Limited acquired the net assets of Organic Bubs Unit Trust for consideration of $1,999,666. The fair value of the brand name "Organic Bubs" was independently determined, and when combined with the values of all other identifiable net assets, and then compared to the purchase consideration, resulted in acquired goodwill amounting to $1,478,251. Goodwill and the brand name are tested for impairment at the end of each reporting period by comparing the carrying value of the cash generating unit (CGU) to the calculated value-in-use of the CGUs to which these intangible assets have been allocated at the acquisition date.

For impairment testing purposes, the entire consolidated entity is determined to be the only CGU.

The value-in-use of the CGUs has been determined by preparing a 5 year forecast, with the earlier years being estimated through specific volume assumptions based on known opportunities, while years thereafter are estimated using assumed diminishing positive growth assumptions for the CGU overall. As part of the impairment test, management assesses the reasonableness of the growth assumptions by reviewing the achieved growth of comparable entities in the same, or related, industry segments.

The discount rates used in the value-in-use calculations are pre-tax and reflect management's estimate of the time value of money, as well as the specific risks to the CGUs. The discount rates have been determined using the average weighted cost of capital and current market risk-free rate, adjusted for relevant business risks. Pre-tax discount rates applied to the current year value-in-use model are 21.3% - 24.1% (2014: 24.3% - 27.1%).

A terminal growth rate of 1.5% (2014: 3.0%) has been assumed in the value-in-use calculation, which is in line with inflation, and reflects the long term growth potential beyond the five year forecast horizon.

As the calculated recoverable amount is above the net assets adjusted for borrowings at the balance sheet date, no impairment loss has been recognised on either goodwill or the brand name (2014: $904,181 expense).

Note 11.

	Consolidated	
	2015 $	2014 $
Current liabilities – trade and other payables		
Trade payables	535,944	387,698
Other payables and accruals	164,678	249,450
	700,622	637,148

Note 12.

	Consolidated	
	2015 $	2014 $
Current liabilities – borrowings		
Unsecured founder loans	882,964	228,762
Loans with connected entities	0	344,186
Shareholder loans	369,391	369,391
	1,252,355	942,399

Note 13.

	Consolidated	
	2015 $	2014 $
Current liabilities – provisions		
Employee entitlements	1,855	0
	1,855	0

Note 14.

	Consolidated	
	2015 $	2014 $
Non-current liabilities – provisions		
Employee entitlements	4,021	0
	4,021	0

Note 15.

	Consolidated	
	2015 $	2014 $
Non-current liabilities – deferred tax liability		
Deferred tax liability comprises temporary differences attributable to:		
Intangible assets	236,956	255,764
Opening balance	255,764	0
Additions through business combinations	0	271,532
Credited to profit or loss	(18,808)	(15,768)
Closing balance	236,956	255,764

Note 16.

	2015 Shares	2014 Shares	2015 $	2014 $
Equity – ordinary shares				
Ordinary shares – fully paid	8,000	10,000	2,000,000	2,000,000

During the year 2,000 shares were cancelled. This cancellation came about in connection with a formula production arrangement that will not be pursued any further. These shares previously belonged to a foreign entity that has signed a deed of release renouncing any further claim against the company other than an outstanding loan.

Capital management
The consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern so that in due course it can provide returns for stakeholders and maintain an optimum capital structure.

In order to maintain or adjust the capital structure, the consolidated entity manages the level of debt such that it remains prudent and facilitates the execution of the operational plan and provides flexibility for growth.

The consolidated entity will look to raise capital when there is an opportunity to invest in a business opportunity that will lead to future growth.

Note 17.

	Consolidated	
	2015 $	2014 $
Reconciliation of (Loss) / Profit After Income Tax to Net Cash From / (Used in) Operating Activities		
(Loss) / profit after income tax expense for the year	(363,054)	(1,408,678)
Deferred tax	(18,808)	(15,768)
Depreciation and amortisation	81,241	969,096
Loss on disposal of assets	3,792	0
Decrease / (increase) in trade and other receivables	271,088	(241,128)
Decrease / (increase) in inventories	(348,184)	(251,307)
Increase / (decrease) in trade and other payables	69,349	120,610
Net cash outflow from operating activities	(304,576)	(827,175)

Note 18.
During the 2014 financial year the consolidated entity acquired the entire business of the Organic Bubs Unit Trust. Details of the transaction are:

	Consolidated	
Net assets acquired through business combinations	2015 $	2014 $
Receivables and prepayments	0	421,507
Inventory	0	12,247
Fixed assets	0	60,391
Intangible long term assets	0	905,106
Payables	0	(516,538)
Borrowings	0	(90,374)
Deferred tax liabilities	0	(271,532)
Fair value of identifiable assets acquired	0	**520,807**
Acquired goodwill	0	1,478,251
Purchase consideration net of acquired cash	0	1,999,058

Note 19.

Key management personnel disclosures
Any person having authority and responsibility for planning, directing and controlling the activities of the entity directly or indirectly, whether executive or otherwise of the entity, are considered key management personnel. The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	Consolidated	
	2015 $	2014 $
Short-term employee benefits	23,358	300,000
Post-employment benefits	3,729	8,093
	27,087	308,093

Note 20.

Remuneration of auditors
During the financial year the following fees were paid or payable for services provided by Logicca Chartered Accountants, the auditor of the company:

	Consolidated	
	2015 $	2014 $
Audit services – Logicca Chartered Accountants		
Audit or review of the financial statements	45,000	0
	45,000	0

Note 21.

Related party transactions

Key management personnel
Disclosures relating to key management personnel compensation are set out in note 19.

Transactions with related parties
The following transactions occurred with related parties:

Payments for other expenses

	Consolidated	
	2015 $	2014 $
Payment for other expenses		
Lease of premises in Narrabeen used as head office that is leased by Anthony Gualdi	33,683	33,683
Consultancy work by Kristy Carr based in Hong Kong	0	125,000
Payments to related parties	**33,683**	**158,683**

Receivable from and payable to related parties
There were no trade receivables or payables to related parties at the current or previous reporting date.

	Consolidated	
Loans (to) / from related parties	2015 $	2014 $
Anthony Gualdi and controlled entities	403,982	38,761
Kristy Carr and controlled entities	478,982	190,000
Organic Bubs Unit Trust	0	344,187
Renaissance Finance Holdings Limited	369,391	369,391
	1,252,355	942,339

Business acquisition

On 28 August 2013, The Infant Food Co. Pty Limited acquired the net assets (set out below) of The Organic Bubs Unit Trust for $2,000,000 net of $607 cash acquired. The Infant Food Holding Co. Pty Limited is majority owned by the unit holders of The Organic Bubs Unit Trust. The purpose of the transaction was to facilitate the introduction of new capital into the business. See note 16 for details of net assets acquired.

Terms and conditions

Apart from the following, all transactions were made on normal commercial terms and conditions at market rates. Loans to related parties prior to 26 June 2015 are interest free, but thereafter these loans attracted commercial rates of interest commensurate with the risk attached to the loan. The disposal of the business was between related parties, however the selling price was determined between willing and knowledgeable parties in a normal commercial transaction.

Note 22.

Financial risk management

The consolidated entity's financial instruments consist of deposits with banks, accounts receivable and accounts payable. As at 30 June 2015 there were no derivative financial instruments in place.

Financial risk exposures

The consolidated entity is exposed to liquidity and credit risks, and foreign exchange risk as a result of volatility in the exchange rates where input commodities are priced in foreign currency.

Liquidity and credit risks are managed through ensuring the business is adequately capitalised. This has meant that the entity has not had to rely on expensive bank financing.

Credit risk arising from exposure to customers with accounts is managed by offering only limited terms (around 30 – 45 days) to minor customers, with longer terms only offered to significant customers who will settle their accounts in due course. Accounts receivable are regularly reviewed and followed up.

The entity is exposed to changes in input costs where the input commodity is priced in foreign currency. This risk is managed through monitoring product profitability and deleting skus where input costs have become excessive. In addition to commodity pricing, The Infant Food Holding Co. Sources goat formula from a New Zealand manufacturer which results in exposure to foreign exchange fluctuations. The exchange rate with the New Zealand Dollar is carefully monitored.

Financial assets other than cash comprise trade debtors that mature between 30 and 90 days. Financial liabilities comprise creditors which mature on terms of between 0 and 90 days, and borrowings which have no term.

Note 23.

Parent entity information
Set out below is the supplementary information of the parent entity which is a non-trading holding company.

	Consolidated	
	2015 $	2014 $
Assets		
Current assets		
Loans to subsidiaries	2,369,291	2,369,291
Investment n subsidiaries	100	100
	2,369,391	**2,369,391**
Liabilities		
Current liabilities		
Shareholder loans	369,391	369,391
Total liabilities	369,391	369,391
Net assets	**2,000,000**	**2,000,000**
Equity		
Issued share capital	2,000,000	2,000,000
	2,000,000	**2,000,000**

Note 24.

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1:

		Ownership interest	
Name	Principal place of business / Country of incorporation	2015 %	2014 %
The Infant Food Co. Pty Limited	Australia	100%	100%
Bubs Australia Pty Limited	Australia	100%	100%

Note 25.

Events after the reporting period
During July 2015 and March 2016, the consolidated entity raised share capital of $400,000 and $6,000,000 respectively. These funds were used to repay borrowings and invest in working capital to secure future growth. This fund raising also reinforced management's view of the appropriateness of the going concern assumption used in compiling these accounts.

No matter or circumstance has arisen since 30 June 2015 that has significantly affected, or could significantly affect the reported results from operations or financial position for the year then ended.

The Infant Food Holding Co. Pty Limited and Controlled Entities
Directors' declaration
30 June 2015

In the directors' opinion:

- The attached financial statements and notes thereto comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- The attached financial statements and notes thereto comply with International Financial Reporting Standards issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- The attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 30 June 2015 and its performance for the financial year ended on that date; and
- There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

Anthony Maxwell Gualdi
Director

Kristy-Lee Newland Carr
Director

26 August 2016
Sydney