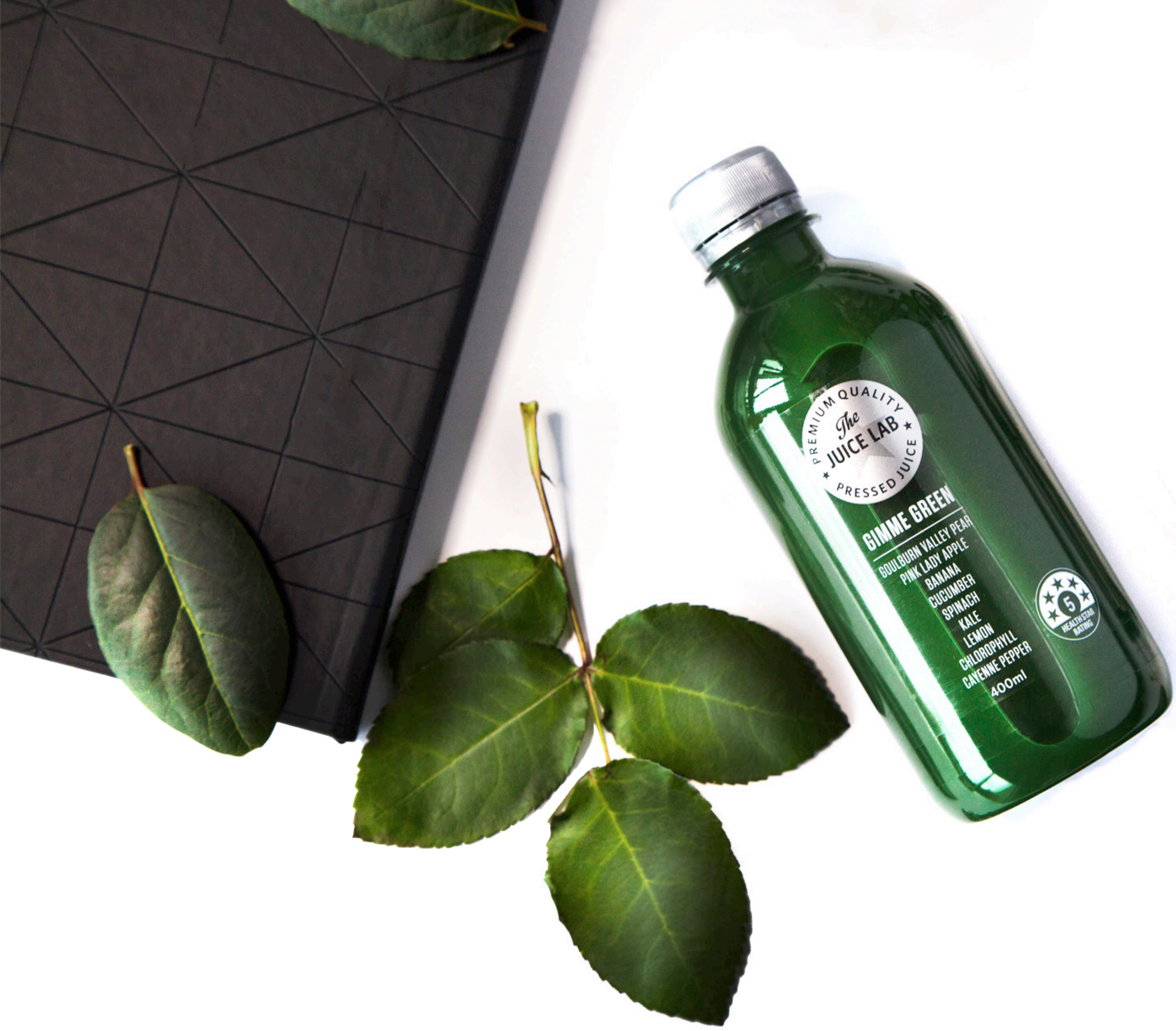

THE FOOD REVOLUTION GROUP

2017

ANNUAL REPORT

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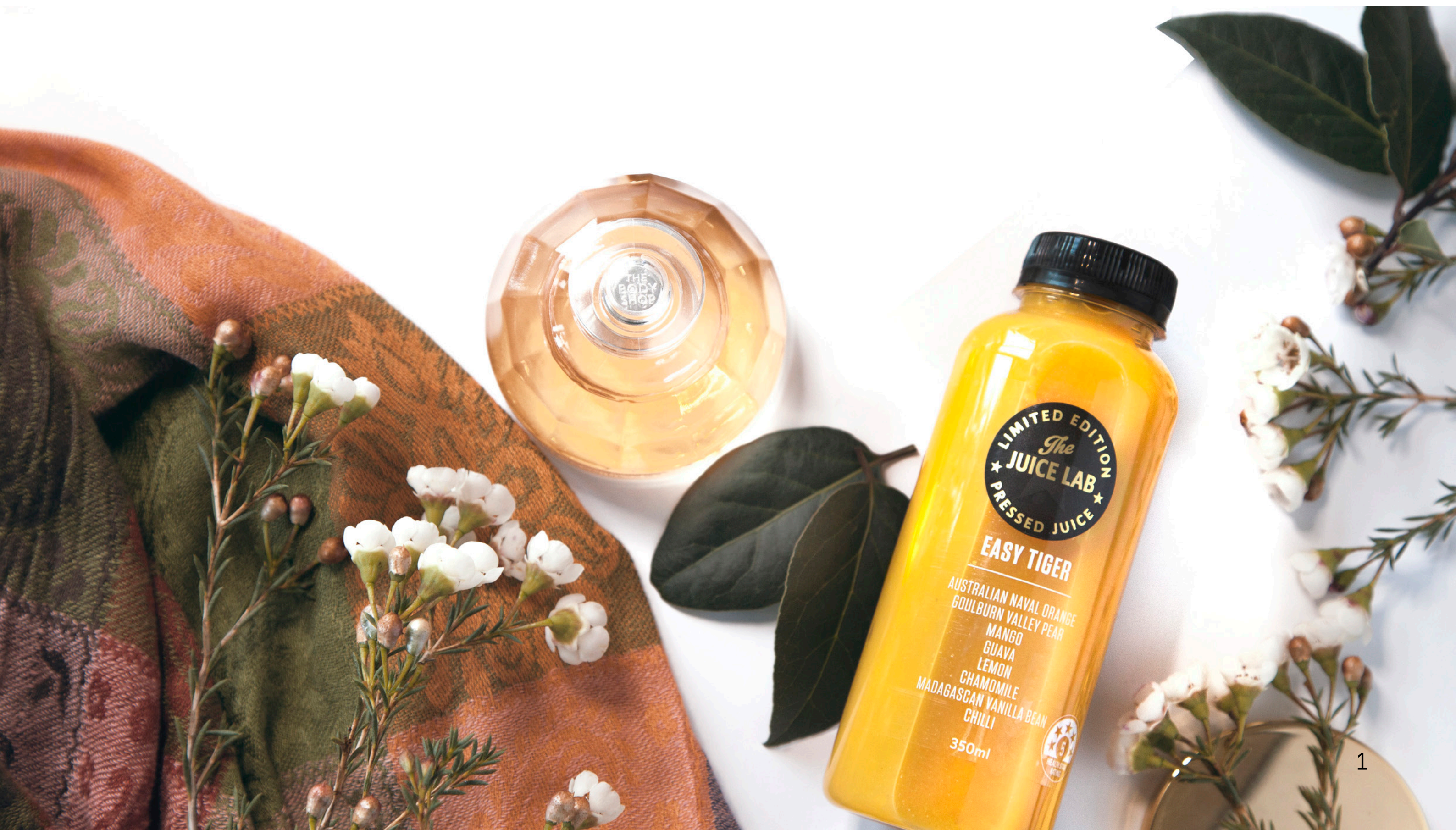
The financial report is presented in Australian dollars.



CORPORATE DIRECTORY

DIRECTORS & OFFICERS

Graham Duff AM	Chairman
Matthew Bailey	Non-executive director
Hong Wang	Non-executive director
Minna (Norman) Rong	Non-executive director
Bill Nikolovski	Chief Executive Officer

POSTAL ADDRESS
20 Heaths Court,
Mill Park, VIC 3082

ASX CODE: FOD

SHARE REGISTERY
Advanced Share Registry
Suite 8H,325 Pitt Street,
Sydney, NSW 2000

AUDITORS
Hall Chadwick
Level 40, 2 Park Street,
Sydney, NSW 2000

AUSTRALIAN SECURITIES EXCHANGE
Exchange Centre
20 Bridge Street, Sydney,
NSW 2000

SOLICITORS

Herbert Smith Freehills
101 Collins Street,
Melbourne, VIC 3000

WEB ADDRESS/CORPORATE GOVERNANCE STATEMENT
www.thefoodrevolutiongroup.com.au

MANAGING DIRECTOR'S MESSAGE

Welcome to the 2017 Annual Report for The Food Revolution Group (ASX: FOD), our second since completing a reverse takeover of Crest Minerals Limited and commencing trading on the Australian Securities Exchange (ASX) in February, 2016.

I am very pleased to report to you our outstanding achievements for the year ending 30 June 2017. Beginning with a year on year sales growth of 72% or $35.9M as a result of growth in each product categories. We have developed and launched 25 new products into the Healthy Food market, and currently we have developed more products ready for launch in 2018.

Our products are now sold through all major channels like Coles, Woolworths, Aldi, IGA, BP, Coles Express, Ritchies and throughout the route trade. We have signed a partnership with one Collective Group (OCG) which distributes a range of products into the Quick Service Restaurants (QSR) market. In addition, FOD has also been accredited to provide its products to major Australian and International Airlines.

We have also restructured our business, divesting loss-making assets Roxdale Foods and LangTech Citrus. We also sold undervalued IP (intellectual property) as part of transaction with Gravity Solutions Global Pte Ltd (GSG) and Defugo Group Australia Pty Ltd.

There has been a high level of product development, a reduction in time to market and an increase in customer service. Indeed, 2017 has been a year of delivered targets. We have exceeded guidance with margin and profit improvement.

Including the R&D tax claim of $1.8, we have delivered an EBITDA of $5.0M from continuing operations and statutory profit after tax of $1.75M compared to a 2016 loss of -$6.2M.

To continually build base for future growth, we have strengthened the management team with the appointment of a new Chief Financial Officer and Company Secretary (John Fitzgerald), General Manager Operations (Bhavya Grover) and Product Development Manager (Pragya Seghal).

I take this opportunity to thank our staff and management team, as well as our Directors, for their support and outstanding contributions and efforts over the past year.

The year ahead will indeed be another exciting year of actions to deliver growth and value to our shareholders. Specific projects already on going are to continue to grow retail business through continued innovation, developing additional distribution channels for existing products, and will look to enter new categories. We will also grow the ingredients businesses through organic growth, citrus production, and to process grapefruit in-house. Completion of sale of mining assets, continuous improvement on systems and processes and refinancing our debt facilities are also among the other items we are now working on. I look forward to your continued support as we work together to deliver.

Bill Nikolovski

OP

OPERATING & FINANCIAL REVIEW

Financial report for the year ended 30 June 2017

OPERATING AND FINANCIAL REVIEW

Principal Activities

The principal activities of the consolidated group (**Group**) during the financial year were:

- the manufacture of a range of functional juices, fibres, infused fruits, fruit waters, infused waters for sale as branded products and/or ingredients;
- the provision of co-packing and logistics services to third parties; and
- the research and development of various innovative food related technologies to develop new functional food products and ingredients.

The Group's operations were conducted in Australia and New Zealand.

Significant Changes to Activities

During the year, the Group successfully launched a number of new branded products into the domestic grocery channel.

The Group also significantly restructured its core activities. It has focused on making finished consumer products.

On 8 August 2016, the company disposed of its 100% interest in Roxdale Foods Limited. Roxdale Foods Limited contributed $17,764 profit to the Group's consolidated profit from ordinary activities during the period. On 16 January 2017 the Group entered into a contract to sell its bioactive intellectual property and lease some of its assets to Defugo Group Australia Pty Ltd. It has significantly reduced its overhead and bolstered its sales and marketing divisions.

There were no other significant changes in the nature of the consolidated Group's principal activities during the financial year.

Operating Results

Revenue

Gross sales for the Group were $35,876,782 and net revenues after trading terms, volume rebates and other claims (**trading terms**) were $31,661,503. Trading terms generally apply in respect of sales of product into the grocery channel. The Group commenced selling directly into the grocery channel from February 2016.

Total Sales growth of 72% has been achieved by growth in each of the company's categories and predominantly by growth of branded product sales into the Australian grocery channel.

A breakdown is as follows:

Gross Sales	**2017**	**2016**	**% Change**
	$	**$**	
Branded	16,900,498	5,300,051	219%
Co-packing	17,482,192	14,593,935	20%
Ingredients	1,113,870	848,827	31%
Other	380,222	105,280	261%
	35,876,782	**20,848,092**	**72%**

Gross Profit

The gross profit margin for the year was 48.0% compared to the prior year of 42.6%.

FOD has four main categories of direct cost comprising fresh fruit, raw materials, direct labour, packaging, and trading terms/ similar marketing costs. A key focus for the business is the improvement of gross margins through active management of these costs.

Gross margins have been positively impacted by the launch of several branded product sales and change in product mix (as sales of branded products into the grocery channel have increased), and negatively impacted by the group's ingredients and increase in cost of oranges due to shortage in supply in the fourth quarter.

Overhead Costs

FOD has four main cost areas: employment, administrative, operating costs (including utilities, freight costs, pallet/ bin hire, repairs & maintenance, and consumables costs) and marketing expenses. As is the case for direct cost, a key focus for the business is the improvement of profitability through active management of these areas of cost. Overhead as % to Net Revenue improved to 43.5% compared to 62.8% of Sales in FY2016. The results for this year are shown in the below table.

	2017	2016
	$	$
Employment costs	4,738,255	4,616,274
Administrative costs	3,573,298	2,651,738
Operating costs	4,543,478	4,249,826
Marketing costs	912,347	881,685
Total	**13,767,378**	**12,399,523**
% Net Revenue	43.5%	62.8%

FOD continues to actively manage its overhead to right size its cost base for near term and medium term growth opportunities.

	2017	2016
	$	$
Statutory profit after tax	1,747,903	(6,214,230)
Income tax benefit	(652,591)	-
Depreciation, amortisation and write-offs	2,045,067	1,515,650
Finance costs	615,932	1,517,798
EBITDA	**3,756,311**	**(3,180,782)**

	2017
	$
EBITDA	**3,756,311**
Add back:	
Employee redundancy expense for LangTech Citrus (LTC) staff	155,673
Transaction costs relates to sale of assets and Healthy Warrior	1,200,886
Loss from discontinued operations	1,825,074
Sub-total	**3,181,633**
Less:	
Gain on sale of LTC business assets	(1,672,550)
Gain on sale of Roxdale	(252,919)
EBITDA from continuing operations*	**5,012,475**

* EBITDA includes research and development tax claim amounting to $1,828,719.

Cash flow

Cash balances at year end decreased to $1,042,894 from prior year balance of $2,301,232.

Debt

Debt has been reduced by $1,559,078 during the year. This has been paid down out of operating cash flows.

Financial Position

The net assets of the consolidated Group have increased by $1,708,350 from 30 June 2016 to $10,367,142 in 2017. This increase is largely due to a reduction of debt and increase in working capital in the business as a result of increased sales.

The directors believe the Group is in a strong and stable financial position to expand and grow its current operations.

Significant Changes in State of Affairs

The following significant changes in the state of affairs of the parent entity occurred during the financial year:

- On 2 August 2016, the Group announced that the milestones for the conversion of the Class A Performance Shares and Class A Performance Rights were achieved resulting in the issue of 80,000,000 fully paid ordinary shares (on 2 August 2016) to the holders of such securities.
- On 8 August 2016, the company disposed of its 100% interest in Roxdale Foods Limited .Roxdale Foods Limited contributed $17,764 in profit to the Group's consolidated result from ordinary activities during the period.
- On 1 September 2016 Domenic Martino resigned as Chairman of the Group and Graham Duff AM was appointed Chairman of the Group.
- On 29 September 2016, Heinz and LTI agreed to amend the payment schedule for certain assets as referred to in Note 18.
- On 16 January 2017 the Group entered into a contract to sell its bioactive intellectual property and lease some of its assets to Defugo Group Australia Pty Ltd.
- On 29 March 2017 the Group announced that the milestones for the conversion of Class B Performance Shares and Class B Performance Rights were achieved resulting in the issue of 60,000,000 fully paid ordinary shares to the holders of such securities.

Events after the Reporting Period

There were no events after the reporting period which could have had any material effect on the state of affairs of the company as at 30 June 2017.

Future Developments, Prospects and Business Strategies

Current areas of strategic focus of the Group include the following:

– Continuing to develop the Group's positioning as a leading, innovative, and disruptive functional food and beverage company in the Australian market place;

– Expansion into complementary product categories

These areas of strategic focus, together with the current strategy of continuous improvement and adherence to quality control in existing markets, are expected to assist in the achievement of the consolidated Group's long-term goals and development of new business opportunities. Likely developments in the operations of the Group and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is considered speculative.

Environmental Issues

The consolidated Group's operations are not subject to significant environmental regulations under the laws of the Commonwealth and state.

DI

DIRECTOR'S REPORT

Your directors present their report on the consolidated entity (referred to herein as the Group) consisting of The Food Revolution Group Limited and its controlled entities for the financial year ended 30 June 2017. The information in the preceding operating and financial review forms part of this directors' report for the financial year ended 30 June 2017 and is to be read in conjunction with the following information:

General Information

Directors

The following persons were directors of The Food Revolution Group Limited during or since the end of the financial year up to the date of this report:

Bill Nikolovski – Chief Executive Officer and Managing Director

Matthew Bailey – Non Executive Director

Hong Wang – Non Executive Director

Minna (Norman) Rong – Non Executive Director

Graham Duff – Non Executive Chairman (appointed 1 September 2016)

Domenic Martino – Non Executive Chairman (resigned 1 September 2016)

Particulars of each current director's experience and qualifications are set out later in this report.

Dividends Paid or Recommended

No dividends were paid or declared during the financial year.

Indemnifying Officers or Auditor

During or since the end of the financial year, no indemnities have been given and no agreements have been entered into to indemnify, and no insurance premiums have been paid or have been agreed to be paid.

Proceedings on Behalf of Company

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

The company was not a party to any such proceedings during the year.

Non-audit Services

The Board of Directors is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

– All non-audit services are reviewed and approved by the board prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and

– The nature of the services provided does not compromise the general principles relating to auditor independence in accordance with APES 110: *Code of Ethics for Professional Accountants* set by the Accounting Professional and Ethical Standards Board.

The following fees were paid or payable to Hall Chadwick for non-audit services provided during the year ended 30 June 2017:

	$
- Advisory services	25,500
- Other compliance related services	3,200
	28,700

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2017 has been received and can be found on page 17 of the financial report.

Options

At the date of this report, the unissued ordinary shares of The Food Revolution Group Limited under option are as follows:

Grant Date	Date of Expiry	Exercise Price	No
11/02/2016	30/06/2018	$0.12	7,351,622
			7,651,622

Option holders do not have any rights to participate in any issues of shares or other interests of the company or any other entity.

There have been no options granted over unissued shares or interests of any controlled entity within the Group during or since the end of the reporting period, other than as disclosed in the remuneration report.

For details of options issued to directors and executives as remuneration, refer to the remuneration report.

During the year ended 30 June 2017, no ordinary shares of The Food Revolution Group Limited were issued on the exercise of options granted. No further shares have been issued since year-end. No amounts are unpaid on any of the shares.

No person entitled to exercise the option had or has any right by virtue of the option to participate in any share issue of any other body corporate.

Information Relating to Current Directors and Company Secretary

Bill Nikolovski	–	Chief Executive Officer and Managing Director
Experience	–	Board member since 11 February 2016.
Interest in Shares and Options	–	41,013,302 ordinary shares (directly and indirectly held) and 22,503,913 performance shares in The Food Revolution Group Limited
Special Responsibilities	–	N/a
Directorships held in other listed entities during the three years prior to the current year	–	None

Matthew Bailey	–	Non Executive Director
Experience	–	Board member since 11 February 2016
Interest in Shares and Options	–	45,000,000 ordinary shares (indirectly held) and 10,000,000 performance shares in The Food Revolution Group Limited
Special Responsibilities	–	Sales and Marketing leadership
Directorships held in other listed entities during the three years prior to the current year	–	None

Information Relating to Current Directors and Company Secretary

Hong Wang	–	Non Executive Director
Experience	–	Board member since 11 February 2016
Interest in Shares and Options	–	7,500,000 ordinary shares (directly held) in The Food Revolution Group Limited
Special Responsibilities	–	China market growth
Directorships held in other listed entities during the three years prior to the current year	–	None

Norman Rong	–	Non Executive Director
Experience	–	Board member since 11 February 2016
Interest in Shares and Options	–	Nil
Special Responsibilities	–	China market growth
Directorships held in other listed entities during the three years prior to the current year	–	None

Graham Duff AM	–	Non Executive Chairman
Experience	–	Board member since 1 September 2016
Interest in Shares and Options	–	Nil
Special Responsibilities	–	Corporate Governance
Directorships held in other listed entities during the three years prior to the current year	–	None

John Fitzgerald	–	Company Secretary
Experience	-	Company Secretary since 16 August 2017
Interest in Shares and Options	–	Nil
Special Responsibilities	–	Chief Financial Officer
Directorships held in other listed entities during the three years prior to the current year	–	None

Meetings of Directors

During the financial year, 12 meetings of directors were held. Attendances by each director during the year were as follows:

	Directors' Meetings	
	Number eligible to attend	**Number attended**
Bill Nikolovski	12	12
Matthey Bailey	12	12
Hong Wang	12	11
Norman Rong	12	11
Domenic Martino (2)	2	2
Graham Duff (1)	11	11

Notes:

1. Appointed as a director 31 August 2016
2. Resigned as a director 31 August 2016

At this time there are no separate Board committees as all matters usually delegated to such committees are addressed by the Board as a whole.

RE

RENUMERATION REPORT

Remuneration Policy

The remuneration policy of The Food Revolution Group Limited (**FOD or the Company**) has been designed to align key management personnel (**KMP**) objectives with shareholder and business objectives by providing a fixed remuneration component and having regard to the current incentive to achieve revenue and earnings milestones pursuant to the performance shares issued to KMP as part of the acquisition of LangTech International Pty Ltd (**LangTech**) by the Company. The Board has also established an employee share option plan (**ESOP**) as part of the reverse takeover transaction in February 2016. To date no options have been granted under the ESOP. The Board believes the current remuneration policy to be appropriate and effective in its ability to attract and retain high-quality KMP to run and manage the consolidated Group, as well as create goal congruence between directors, executives and shareholders.

The Board's policy for determining the nature and amount of remuneration for KMP of the consolidated Group is as follows:

– The remuneration policy is to be developed by the Board after professional advice is sought from independent external consultants.

– All KMP receive a base salary or services fee (which is based on factors such as length of service and experience), superannuation, and become eligible ESOP participants (subject to Board invitation).

– Other performance incentives (such as bonuses) are generally only paid once predetermined key performance indicators (KPIs) have been met.

– Incentives in the form of ESOP options are intended to align the interests of KMP and the Company with those of the shareholders.

– The remuneration committee reviews KMP packages annually by reference to the consolidated Group's performance, executive performance and comparable information from industry sectors.

The performance of KMP is measured against criteria agreed annually with each executive and is based predominantly on performance of the Group versus budget together with individual performance. All bonuses and incentives must be linked to predetermined performance criteria. The policy is designed to attract the highest calibre of executives and reward them for performance/results leading to long-term growth in shareholder wealth.

KMP receive a superannuation guarantee contribution required by the government, which is currently 9.5% of the individual's average weekly ordinary time earnings (AWOTE).

Other than the entitlements provided under the Group's defined contribution superannuation arrangements, KMP do not receive any other retirement benefits.

All remuneration paid to KMP is valued at the cost to the company and expensed.

The Board's policy is to remunerate KMP (including non-executive directors) at market rates for time, commitment and responsibilities. The board currently determines payments to KMP and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the annual general meeting.

Options granted under the ESOP do not carry dividend or voting rights. The board is responsible for determining any conditions attaching to the options (including issue price, exercise price, vesting conditions, and conditions of exercise).

Engagement of Remuneration Consultants

The board did not engage any remuneration consultants during the financial year. The board will consider the appropriateness of appointing a remuneration consultant during FY18 to review the elements of KMP remuneration and to provide appropriate recommendations.

Performance-based Remuneration

KPIs are set annually, with a certain level of consultation with KMP. The measures are specifically tailored to the area each individual is involved in and has a level of control over. The KPIs target areas the Board believes hold greater potential for Group expansion and profit, covering financial and non-financial as well as short and long-term goals. The level set for each KPI is based on budgeted figures for the Group and, in some instances, relevant industry standards.

Performance in relation to the KPIs is assessed annually, with any KPI related bonuses being awarded based on achievement of the relevant KPIs (see below for further information regarding cash bonuses). Following the assessment, the KPIs are reviewed by the Board in light of the desired and actual outcomes, and their efficiency is assessed in relation to the Group's goals and shareholder wealth, before the KPIs are set for the following year.

In determining whether or not a KPI has been achieved, The Food Revolution Group Limited bases the assessment on audited figures and quantitative and qualitative data.

Relationship between Remuneration Policy and Company Performance

The remuneration policy has been tailored to increase goal congruence between shareholders, directors and executives. Two methods have been applied to achieve this aim, the first being a performance-based bonus based on KPIs, and the second being the establishment of an ESOP (under which KMP are eligible participants, subject to Board invitation) to encourage the alignment of personal and shareholder interests.

The Board is of the opinion that the above remuneration policy will enhance company performance going forward.

Since re-listing in February 2016 and up until 30 June 2017, the Company's share price has shown significant volatility, reaching a low of $0.04 and a high of $0.275. The Board has decided to increase and maintain promotional activity among analysts so as to increase investor awareness of the company and to stabilise the company's share price in line with a consistent and stable financial position.

Performance Conditions Linked to Remuneration

The Group seeks to emphasise reward incentives for results and continued commitment to the Group through the provision of cash bonus reward schemes, in particular the incorporation of incentive payments based on the achievement of Group budgets. The Group does not currently have any cash bonus rewards schemes tied to the company's share price, preferring at this stage to align such cash bonus rewards to operational performance.

The objective of the reward schemes is to both reinforce the short and long-term goals of the Group and provide a common interest between management and shareholders.

The satisfaction of the KPIs is based on a review of the audited financial statements of the Group.

Employment Details of Members of Key Management Personnel

The following table provides employment details of persons who were, during the financial year, members of KMP of the consolidated Group. The table also illustrates the proportion of remuneration that was performance and non-performance based, having regard to the existing performance shares issued to KMP as part of the reverse takeover transaction in February 2016 together with the current shareholdings of KMP (see notes 1 to 3 below for further detail).

Group KMP	Position Held as at 30 June 2017 and any Change during the Year	Contract Details (Duration and Termination)	Proportions of Elements of Remuneration Related to Performance (Other than Options Issued)		Proportions of Elements of Remuneration Not Related to Performance
			Non-salary Cash-based Incentives	Shares/ Units	Fixed Salary/ Fees
			%	%	%
Domenic Martino(1)	Chairman (resigned 1 September 2016)	NED Appointment deed	-	-	100
Graham Duff	Chairman (appointed 1 September 2016)	NED Appointment deed	-	-	100
Bill Nikolovski(1)	Managing Director	Employment contract(4)	-	-	100
Matthew Bailey(1)	Non Executive Director	NED appointment deed(4)	-	-	100
Norman Rong(2)	Non Executive Director	NED appointment deed(4)	-	-	100
Hong Wang(3)	Non Executive Director	NED appointment deed(4)	-	-	100
Dean Fraser(1)	CFO(resigned 26 October 2016)	Services contract (4)	-	-	100

Notes:

1. Mr Nikolovski, Mr Bailey, Mr Martino and Mr Fraser (via Fortis Corporate Advisory Pty Ltd) hold A Class, B Class and C Class performance shares in the company. While these performance shares do not form part of such persons KMP's remuneration (rather they were issued to such persons as part of the acquisition of their respective shareholding in LangTech), these performance shares only convert to ordinary shares in FOD upon the achievement of certain revenue and EBITDA milestones. Accordingly, the Board believes such persons have adequate performance incentives, notwithstanding that this incentive originates from the sale of LangTech rather as remuneration for services provided.

2. Mr Rong represents Shenzhen Youngheng Biotechnology Co Limited (SYB), a substantial shareholder of FOD. As representative of one of the company's largest shareholders, the Board believes Mr Rong has adequate performance incentives by virtue of SYB's shareholding.

3. Mr Wang is a material shareholder in FRG. The Board believes Mr Wang has adequate performance incentives by virtue of his material shareholding.

4. Each contract is for an unspecified term with one exception. The employment contract for Mr Nikolovski is a 2 year contract to 31 December 2018 with 1 year rolling options and can be terminated with cause upon 1 month notice by the company and upon 3 months' notice by Mr. Nikolovski.

The employment terms and conditions of all KMP are formalised in contracts of employment, director appointment deeds or services contracts (as the case may be).

Terms of employment generally requires that KMP's are provided with a minimum of 1 months' notice (and up to 3 months' notice) prior to termination of such person's contract. KMP who are directors cannot be terminated by the company, other than in accordance with the Corporations Act 2001 (Cth). Termination payments are not payable on resignation or termination.

Remuneration Expense Details for the Year Ended 30 June 2017

The following table of benefits and payments represents the components of the current year and comparative year remuneration expenses for each member of KMP of the consolidated Group. Such amounts have been calculated in accordance with Australian Accounting Standards.

Table of Benefits and Payments for the Year Ended 30 June 2017

		Short-term Benefits				Post-employment Benefits		Long-term Benefits		Equity-settled Share-based Payments(2)(3)		Cash-settled Share-based Pay-ments	Termin-ation Benefits	Total
		Salary, Fees and Leave	Profit Share and Bonuses	Non-mone-tary	Other	Super-annuation	Other	Incentive Plans	LSL	Shares/ Units	Options/ Rights			
		$	$	$	$	$	$	$	$	$	$	$	$	$
Group KMP														
Bill Nikolovski	2017	389,532	-	-	24,473	36,829	-	-	15,197	-	-	-	-	466,031
	2016	257,423	-	-	24,506	29,600	-	-	7,349	-	-	-	-	318,878
Matthew Bailey	2017	35,417	-	-	-		-	-		-	-	-	-	35,417
	2016	80,897	-	-	-	9,102	-	-	21,441	-	-	-	-	111,440
Norman Rong	2017	25,000	-	-	-	-	-	-	-	-	-	-	-	25,000
	2016	-	-	-	-	-	-	-	-	-	-	-	-	-
Hong Wang	2017	-	-	-	-	-	-	-	-	-	-	-	-	-
	2016	-	-	-	-	-	-	-	-	-	-	-	-	-
Graham Duff	2017	190,165	-	-	-	-	-	-	-	-	-	-	-	190,165
	2016	-	-	-	-	-	-	-	-	-	-	-	-	-
Domenic Martino	2017	66,664	-	-	-	-	-	-	-	-	-	-	-	66,664
	2016	37,497	-	-	-	-	-	-	-	-	-	-	-	37,497
Dean Fraser	2017	71,051	-	-	-	-	-	-	-	-	-	-	-	71,051
	2016	212,899	-	-	-	-	-	-	-	-	-	-	-	212,899
Total KMP	2017	777,829	-	-	24,473	36,829	-		15,197					854,328
	2016	588,716	-	-	24,506	38,702	-		28,790					680,714

Securities Received that Are Not Performance-related

No members of KMP are entitled to receive securities that are not performance-based as part of their remuneration package.

KMP Shareholdings – Ordinary shares

The number of ordinary shares in FOD held by each KMP of the Group during the financial year is as follows:

	Balance at Beginning of Year	Performance Share/Rights Converted to ordinary shares during the Year	Released from Escrow during the Year	Other Changes during the Year	Balance at End of Year
Bill Nikolovski[1]	7,507,825	33,505,477	-	-	41,013,302
Matthew Bailey[1]	5,000,000	40,000,000	-	-	45,000,000
Norman Rong	-	-	-	-	-
Hong Wang	7,500,000	-	-	-	7,500,000
Graham Duff	-	-	-	-	-
Domenic Martino[1]	53,822,380	32,425,655			86,248,044
Dean Fraser[1]	4,086,958	876,369	-	(400,000)	4,563,327
	77,917,163	106,807,511	-	(400,000)	184,324,664

The number of performance shares in FOD held by each KMP of the Group during the financial year is as follows:

	Balance at Beginning of Year	Converted during the Year	Issued on Exercise of Options during the Year	Other Changes during the Year	Balance at End of Year
Bill Nikolovski[1]	56,009,390	(33,505,477)	-	-	22,503,913
Matthew Bailey[1]	50,000,000	(40,000,000)	-	-	10,000,000
Norman Rong	-	-	-	-	-
Hong Wang	-	-	-	-	-
Graham Duff	-	-	-	-	-
Domenic Martino[1]	55,586,854	(32,425,664)	-	-	23,161,190
Dean Fraser1[1]	1,502,347	(876,369)	-	-	625,978
	163,098,592	(106,807,511)	-	-	56,291,081

Note:

1. Includes ordinary or performance shares held by related parties of Mr Nikolovski, Mr Bailey, Mr Martino and Mr Fraser (ie AubInvest Pty Ltd, Food Innovators Pty.Ltd ,Fanucci Pty Ltd/Lang Technologies Pty Ltd, and Fortis Corporate Advisory Pty Ltd, respectively).

Other Equity-related KMP Transactions

There have been no other transactions involving equity instruments apart from those described in the tables above relating to options, rights and shareholdings.

Other Transactions with KMP and/or their Related Parties

There were no other transactions conducted between the Group and KMP or their related parties, apart from those disclosed above relating to equity, compensation and loans, that were conducted other than in accordance with normal employee, customer or supplier relationships on terms no more favourable than those reasonably expected under arm’s length dealings with unrelated persons.

This directors' report, incorporating the remuneration report, is signed in accordance with a resolution of the Board of Directors:

Graham Duff, Chairman

Dated: 28 September 2017

AU

AUDITOR'S INDEPENDENCE DECLARATION

SYDNEY
Level 40
2 Park Street
Sydney NSW 2000
Australia

GPO Box 3555
Sydney NSW 2001

Ph: (612) 9263 2600
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THE FOOD REVOLUTION GROUP LIMITED
ABN 20 150 015 446
AND CONTROLLED ENTITIES

AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF THE FOOD REVOLUTION GROUP LIMITED

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2017 there have been no contraventions of:

(i) the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Hall Chadwick

HALL CHADWICK
Level 40, 2 Park Street
Sydney NSW 2000

DREW TOWNSEND
Partner
Dated: 28 September 2017

ST

STATEMENT OF PROFIT OR LOSS

OR OTHER COMPREHENSIVE INCOME

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2017

	Note	Consolidated Group 2017 $	Consolidated Group 2016 $
Revenue	3	**31,661,503**	**19,736,469**
Cost of sales		(16,469,764)	(11,338,089)
Gross profit		**15,191,739**	**8,398,380**
Other income	3	2,517,577	4,655,456
Employment costs	4	(4,738,255)	(4,616,274)
Administration expenses		(3,573,298)	(2,651,738)
Marketing costs		(912,347)	(881,685)
Operating costs		(4,543,478)	(4,249,826)
Depreciation, amortisation and write-offs	4	(2,045,067)	(1,515,650)
Finance costs	4	(615,812)	(1,517,798)
Relocation costs		-	(278,163)
RTO related transaction costs		(74,142)	(560,347)
Share based payments expense	23	-	(1,026,252)
Impairment of goodwill		-	(876,736)
Impairment on financial assets	9	(212,000)	-
Profit/(Loss) before income tax		994,917	(5,120,633)
Income tax benefit	19	652,591	-
Profit/(Loss) from continuing operations		1,647,508	(5,120,633)
Profit/(Loss) from discontinued operations	28	100,395	(1,093,597)
Profit/(Loss) for the year		1,747,903	(6,214,230)
Other comprehensive income			
Items that will be reclassified subsequently to profit or loss when specific conditions are met:			
Exchange differences on translating foreign operations, net of tax		11,161	4,414
Transfer to profit or loss upon disposal		(50,714)	-
Other comprehensive income/(loss) for the year		(39,553)	4,414
Total comprehensive income/(loss) for the year		1,708,350	(6,209,816)
Basic and diluted earnings per share (cents)			
- continuing operations	7	0.43	(4.21)
- discontinued operations	7	0.03	(0.90)
- continuing and discontinued operations	7	0.46	(5.11)

The accompanying notes form part of these financial statements.

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STATEMENT OF FINANCIAL POSITION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017

	Note	2017	2016
		$	$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	8	1,042,894	2,301,232
Trade and other receivables	9	8,059,362	4,377,113
Inventories	10	2,484,325	2,583,626
Other assets	13	64,550	69,051
Assets held for sale		-	822,479
TOTAL CURRENT ASSETS		11,651,131	10,153,501
NON-CURRENT ASSETS			
Plant and equipment	11	7,898,306	9,341,405
Intangible assets	12	8,219,271	7,870,519
Deferred tax assets	19	652,591	-
Other assets	13	107,615	176,101
TOTAL NON-CURRENT ASSETS		16,877,782	17,388,025
TOTAL ASSETS		28,528,914	27,541,526
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	15	7,017,249	6,187,766
Provisions	16	500,111	376,209
Borrowings	17	3,056,918	3,000,000
Deferred consideration liability	18	600,000	2,495,237
Liabilities held for sale		-	129,957
TOTAL CURRENT LIABILITIES		11,174,249	12,189,169
NON-CURRENT LIABILITIES			
Provisions	16	108,253	93,565
Deferred consideration liability	18	6,879,241	6,600,000
TOTAL NON-CURRENT LIABILITIES		6,987,494	6,693,565
TOTAL LIABILITIES		18,161,772	18,882,734
NET ASSETS		10,367,142	8,658,792
EQUITY			
Issued capital	20	31,938,197	31,938,197
Foreign currency translation reserve		-	39,553
Options reserve	26	526,252	526,252
Revaluation surplus	26	1,095,570	1,095,570
Accumulated losses		(23,192,877)	(24,940,780)
TOTAL EQUITY		10,367,142	8,658,792

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2017

	Issued Capital (Ordinary Shares)	Accumulated Losses	Revaluation Surplus	Foreign Currency Translation	Options Reserve	Total
	$	$	$	$	$	$
Balance at 1 July 2015	11,040,000	(18,737,673)	1,095,570	46,262	-	(6,555,841)
Comprehensive income						
Loss for the year	-	(6,214,230)	-	-	-	(6,214,230)
Other comprehensive income for the year	-	-	-	4,414	-	4,414
Total comprehensive income for the year	-	(6,214,230)	-	4,414	-	(6,209,816)
Transactions with owners, in their capacity as owners, and other transfers						
Issue of shares (net of transactions costs)	20,398,197	-	-	-	-	20,398,197
Share-based payment expense	500,000	-	-	-	-	500,000
Transfers from retained earnings to foreign currency translation reserve	-	11,123	-	(11,123)	-	-
Option reserve	-	-	-	-	526,252	526,252
Total transactions with owners, and other transfers	20,898,197	11,123	-	(11,123)	526,252	21,424,449
Balance at 30 June 2016	31,938,197	(24,940,780)	1,095,570	39,553	526,252	8,658,792
Balance at 1 July 2016	31,938,197	(24,940,780)	1,095,570	39,553	526,252	8,658,792
Comprehensive income						
Profit for the year	-	1,747,903	-	-	-	1,747,903
Other comprehensive income for the year	-	-	-	(39,553)	-	(39,553)
Total comprehensive income for the year	-	1,747,903	-	(39,553)	-	1,708,350
Total transactions with owners, and other transfers	-	-	-	-	-	-
Balance at 30 June 2017	**31,938,197**	**(23,192,877)**	**1,095,570**	**-**	**526,252**	**10,367,142**

The accompanying notes form part of these financial statements.

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STATEMENT OF CASH FLOWS

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2017

	Note	Consolidated Group 2017 $	2016 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		30,401,304	17,728,431
Payments to suppliers and employees		(31,380,952)	(25,445,692)
Interest received		21,760	24,020
Finance costs		(615,812)	(1,423,291)
Net of R&D refund / government grants received and income tax paid		1,828,719	4,405,592
Net cash provided by (used in) operating activities	8	255,019	(4,710,940)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for intangibles		(405,613)	(192,662)
Payment for plant and equipment		(597,556)	(1,207,924)
Receipts from disposal of Roxdale		1,048,890	-
Net cash provided by (used in) investing activities		45,721	(1,400,586)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares, net of transaction costs		-	11,337,221
Proceeds from borrowings		7,740,922	3,000,000
Repayment of borrowings		(9,300,000)	(8,158,112)
Receipt of escrow deposits		-	1,250,000
Net cash (used in) provided by financing activities		(1,559,078)	7,429,109
Net (decrease) increase in cash held		(1,258,338)	1,317,583
Cash and cash equivalents at beginning of financial year		2,301,232	983,649
Cash and cash equivalents at end of financial year		1,042,894	2,301,232

The accompanying notes form part of these financial statements.

NO

NOTES TO THE FINANCIAL STATEMENTS

These consolidated financial statements and notes represent those of The Food Revolution Group Limited and Controlled Entities (the "consolidated Group" or "Group").

The separate financial statements of the parent entity, The Food Revolution Group Limited, have not been presented within this financial report as permitted by the *Corporations Act 2001*.

The financial statements were authorised for issue on 28 September 2017 by the directors of the company.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

These general purpose financial statements have been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

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

Going concern

The financial statements have been prepared on the going concern basis, which assumes the continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. During the year ended 30 June 2017, the Group delivered a profit after tax of $1,747,903 and had cash inflows from operating activities of $230,175.

The directors believe that the Group will be able to pay its debts as and when they become due and payable. In reaching this conclusion the directors have had regard to the Group having available cash reserves to meet expected operating, investing and financing costs in the next twelve months based on internal financial modelling.

Specifically, the directors note that the Group expects to generate positive cash flow from operations going forward as a result of its restructure of ingredients and sale of the New Zealand businesses, together with its current sales traction into the Australian grocery channel;

There were a number of one-off, non-recurring items during FY17 (amounting to $1,892,178) which will not recur going forward; These were as follows:

	$
Transaction costs relates to sale of assets and Healthy Warrior	1,200,886
Employee redundancy expense for LangTech Citrus (LTC) staff	155,673
Gain on sale of LTC business assets	(1,672,550)
Gain on sale of Roxdale	(252,919)
Plant and equipment write-off	636,014
Loss from discontinued operations	1,825,074
	1,892,178

The Group has a net current asset surplus (current assets less current liabilities) of $476,882. This includes the $3m GIM working capital facility described in Note 17, and which has a 4 year term. This facility is treated as a current liability due to the half yearly "clean down" mechanism under which the balance of the facility must be reduced to nil for 10 business days, after which it can then be redrawn. Excluding this working capital facility, the Group would have a net current asset surplus of $3,533,800.

That the Group's plant and equipment is significantly undervalued. It intends to have a current market valuation done on a going concern basis in order to undertake an asset revaluation.

In the event that the Group cannot continue as a going concern, it may not be able to realise its assets and settle its liabilities in the normal course of operations and at the amounts sated in the financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. **Principles of Consolidation**

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent (The Food Revolution Group Limited) and all of the subsidiaries (including any structured entities). Subsidiaries are entities the parent controls. The parent controls an entity when it 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 over the entity. A list of the subsidiaries is provided in Note 14.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between Group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as “non-controlling interests”. The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary’s net assets on liquidation at either fair value or at the non-controlling interests’ proportionate share of the subsidiary’s net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

The consolidated financial statements have been prepared using reverse acquisition accounting. In reverse acquisition accounting, the cost of the business combination is deemed to have been incurred by the legal subsidiary, Langtech International Pty Ltd (the acquirer for accounting purposes) in the form of equity instruments issued to the owners of the legal parent, The Food Revolution Group Limited (the acquiree for accounting purposes).

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

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured in each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to business combinations, other than those associated with the issue of a financial instrument, are recognised as expenses in profit or loss when incurred.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

Goodwill

Goodwill is initially recorded at the amount by which the purchase price for a business combination exceeds the fair value attributed to the interest in the net fair value of identifiable assets, liabilities and contingent liabilities acquired at the date of acquisition. Goodwill is not amortised. Instead, goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

b. **Income Tax**

The income tax expense (income) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability. With respect to non-depreciable items of property, plant and equipment measured at fair value and items of investment property measured at fair value, the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of the asset will be recovered entirely through sale.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (i) a legally enforceable right of set-off exists; and (ii) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

The Food Revolution Group Limited (the 'head entity') and its wholly-owned Australian controlled entities have formed an income tax consolidated group under the tax consolidation regime. The head entity and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the group allocation approach in determining the appropriate amount of taxes to allocate to member of the tax consolidated group.

c. **Fair Value of Assets and Liabilities**

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

c. **Fair Value of Assets and Liabilities**

To the extent possible, market information is extracted from either the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

d. **Inventories**

Inventories are measured at the lower of cost and net realisable value. The cost of manufactured products includes direct materials, direct labour and an appropriate proportion of variable and fixed overheads. Overheads are applied on the basis of normal operating capacity. Costs are assigned on the basis of weighted average costs.

e. **Plant and Equipment**

Each class of plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(h) for details of impairment).

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts. The group believes that its plant and equipment is significantly undervalued and intends to have a professional asset valuation done.

The cost of fixed assets constructed within the consolidated Group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a diminishing value basis over the asset's useful life to the consolidated Group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

e. **Plant and Equipment**

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Leasehold improvements	10 years (Diminishing value method)
Plant and equipment	7 years (Diminishing value method)
Office equipment	7 years (Diminishing value method)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in profit or loss in the period in which they arise. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

f. **Leases**

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the lease term.

g. **Financial Instruments**

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the entity commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the *effective interest method*.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) over the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

The Group does not designate any interests in subsidiaries, associates or joint ventures as being subject to the requirements of Accounting Standards specifically applicable to financial instruments.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

g. **Financial Instruments**

(i) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(ii) *Financial liabilities*

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

Impairment

A financial asset (or a group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a “loss event”) having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the Group recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

Derecognition

Financial assets are derecognised when the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised when the related obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

h. **Impairment of Assets**

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information including dividends received from subsidiaries, associates or joint ventures deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset’s fair value less costs of disposal and value in use, to the asset’s carrying amount. Any excess of the asset’s carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (eg in accordance with the revaluation model in AASB 116: *Property, Plant and Equipment*). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Impairment testing is performed annually for goodwill, intangible assets with indefinite lives and intangible assets not yet available for use.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

i. **Intangibles Other than Goodwill**

Brand

Brand has been recognised on the 2016 acquisition of Thirsty Brothers Pty Ltd and is treated with an indefinite useful life. The brand names relate to established products with strong market penetration into the Australian grocery channel. The brand names operate in a stable industry with a strong positioning in the functional beverage market. The brand is not amortised, instead the brand is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses.

Product development costs

Product development costs will be amortised over 10 years, or where the product line is discontinued, the balance will be written off during that financial period.

Intellectual property

Intellectual property is recognised at cost of acquisition when incurred. Intellectual property has a useful life of 20 years, and is carried at cost less any accumulated depreciation and impairment losses. Intellectual property is amortised over the life of the patents it relates to.

Research and development

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technical feasibility studies identify that the project is expected to deliver future economic benefits and these benefits can be measured reliably.

Capitalised development costs have a finite useful life and are amortised on a systematic basis based on the future economic benefits over the useful life of the project.

j. **Foreign Currency Transactions and Balances**

Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars, which is the parent entity's functional currency.

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in profit or loss, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is recognised in other comprehensive income; otherwise the exchange difference is recognised in profit or loss.

Group companies

The financial results and position of foreign operations, whose functional currency is different from the Group's presentation currency, are translated as follows:

– assets and liabilities are translated at exchange rates prevailing at the end of the reporting period;

– income and expenses are translated at average exchange rates for the period; and

– retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations with functional currencies other than Australian dollars are recognised in other comprehensive income and included in the foreign currency translation reserve in the statement of financial position. The cumulative amount of these differences is reclassified into profit or loss in the period in which the operation is disposed of.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

k. **Employee Benefits**

Short-term employee benefits

Provision is made for the Group's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Group's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as part of current trade and other payables in the statement of financial position. The Group's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any re-measurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The Group's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Group does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

Equity-settled compensation

The Group operates an employee share and option plan. Share-based payments to employees are measured at the fair value of the instruments issued and amortised over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the option reserve. The fair value of options is determined using the Black-Scholes pricing model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest.

l. **Provisions**

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

m. **Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits available on demand with banks, other short-term highly liquid investments with original maturities of 3 months or less.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

n. **Revenue and Other Income**

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed.

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Interest revenue is recognised using the effective interest method.

All revenue is stated net of the amount of goods and services tax.

o. **Trade and Other Receivables**

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Refer to Note 1(g) for further discussion on the determination of impairment losses.

p. **Trade and Other Payables**

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

q. **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 or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or 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 ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

r. **Government Grants**

Government grants are recognised at fair value where there is reasonable assurance that the grant will be received and all grant conditions will be met. Grants relating to expense items are recognised as income (or where there was increased expenditure as a result of the grant, are credited to the appropriate expense item) over the periods necessary to match the grant to the costs it is compensating. Grants relating to assets are credited to deferred income at fair value and are credited to income over the expected useful life of the asset on a straight-line basis.

s. **Assets held for sale**

Non-current assets and disposal groups are classified as held for sale and measured at the lower of carrying amount and fair value less costs to sell, where the carrying amount will be recovered principally through sale as opposed to continued use. No depreciation or amortisation is charged against assets classified as held for sale.

Classification as “held for sale” occurs when: management has committed to a plan for immediate sale; the sale is expected to occur within one year from the date of classification; and active marketing of the asset has commenced. Such assets are classified as current assets.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

s. **Assets held for sale**

A discontinued operation is a component of an entity, being a cash-generating unit (or a group of cash generating units), that either has been disposed of, or is classified as held for sale, and: represents a separate major line of business or geographical area of operations; is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or is a subsidiary acquired exclusively with the view to resale.

Impairment losses are recognised for any initial or subsequent write-down of an asset (or disposal group) classified as held for sale to fair value less costs to sell. Any reversal of impairment recognised on classification as held for sale or prior to such classification is recognised as a gain in Consolidated Profit or Loss and Other Comprehensive Income in the period in which it occurs.

t. **Comparative Figures**

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

u. **Critical Accounting Estimates and Judgements**

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Key estimates

(i) *Impairment – general*

The Group assesses impairment at the end of each reporting period by evaluating conditions and events specific to the Group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions. Refer to Note 12(b) for further details regarding management's impairment assessment.

Key judgements

(i) *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.

(ii) *Recoverability of deferred tax assets*

Deferred tax assets are recognised for deductible temporary difference and unused tax losses as management considers that it is probable that future taxable profits will be available to utilise those temporary differences and unused tax losses. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits which may lead to impairment of the deferred tax asset.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

v. **New Accounting Standards for Application in Future Periods**

Accounting Standards issued by the AASB that are not yet mandatorily applicable to the Group, together with an assessment of the potential impact of such pronouncements on the Group when adopted in future periods, are discussed 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 de-recognition requirements for financial instruments and simplified requirements for hedge accounting.

The key changes that may affect the Group on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, upfront accounting for expected credit loss, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items. Should the entity elect to change its hedge policies in line with the new hedge accounting requirements of the Standard, the application of such accounting would be largely prospective.

Although the directors anticipate that the adoption of AASB 9 may not have an impact on the Group's financial instruments.

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 Group's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

v. **New Accounting Standards for Application in Future Periods**

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 Group's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

NOTE 2: PARENT INFORMATION

The following information has been extracted from the books and records of the parent and has been prepared in accordance with Australian Accounting Standards.

	2017	2016
	$	$
Statement of Financial Position		
ASSETS		
Current assets	175,105	6,674
Non-current assets	14,091,934	13,739,086
TOTAL ASSETS	14,267,039	13,745,760
LIABILITIES		
Current liabilities	502,643	411,028
Non-current liabilities	-	-
TOTAL LIABILITIES	502,643	411,028
EQUITY		
Issued capital	20,427,008	20,427,008
Accumulated losses	(8,358,551)	(8,788,215)
Option reserve	1,695,939	1,695,939
TOTAL EQUITY	13,764,397	13,334,732
Statement of Profit or Loss and Other Comprehensive Income		
Total profit (loss)	429,664	(2,533,931)
Total comprehensive income (loss)	429,664	(2,533,931)

Guarantees

There are no guarantees as at 30 June 2017 and 30 June 2016.

Contingent liabilities

There are no contingent liabilities as at 30 June 2017 and 30 June 2016.

Contractual capital commitments

There are no contingent liabilities and capital commitments as at 30 June 2017 and 30 June 2016.

NOTE 3: REVENUE AND OTHER INCOME

	Consolidated Group	
	2017	2016
	$	$
Gross sales	35,876,782	20,848,092
– Less trading terms	(2,073,887)	(559,242)
– Less volume rebates and other claims	(2,141,392)	(552,381)
Revenue	31,661,503	19,736,469
Other income:		
– Research and development funding	1,828,719	3,605,556
– Insurance proceeds	-	1,025,880
– Rent income	649,475	-
– Interest income	21,760	24,020
– Sundry income	17,623	-
Total other income	2,517,577	4,655,456
Total revenue and other income from continuing operations	34,179,080	24,391,925

NOTE 4: EXPENSES

	Consolidated Group	
	2017	2016
	$	$
Income/(Loss) before income tax includes the following specific expenses:		
a. Employment costs		
– wages and salaries	3,887,247	3,640,084
– other employee related expenses	851,008	976,190
	4,738,255	4,616,274
b. Depreciation, amortisation and write-offs		
– depreciation and write-offs	2,040,656	1,510,567
– amortisation expenses	4,411	5,083
	2,045,067	1,515,650
c. Finance costs		
– interest expenses	375,087	1,039,847
– fees incurred on GIM loan	237,329	455,000
– other finance charges	3,396	22,951
	615,812	1,517,798

NOTE 5: KEY MANAGEMENT PERSONNEL COMPENSATION

Refer to the remuneration report contained in the directors' report for details of the remuneration paid or payable to each member of the Group's key management personnel (KMP) for the year ended 30 June 2017.

The totals of remuneration paid to KMP of the company and the Group during the year are as follows:

	2017 $	2016 $
Short-term employee benefits	777,829	613,222
Post-employment benefits	61,302	38,702
Other long-term benefits	15,197	28,790
Total KMP compensation	854,328	680,714

Short-term employee benefits

These amounts include fees and benefits paid to the non-executive Chair and non-executive directors as well as all salary, paid leave benefits, fringe benefits and cash bonuses awarded to executive directors and other KMP.

Post-employment benefits

These amounts are the current-year's estimated costs of providing for the Group's superannuation contributions made during the year.

Other long-term benefits

These amounts represent long service leave benefits accruing during the year, long-term disability benefits and deferred bonus payments.

Share-based payments

These amounts represent the expense related to the participation of KMP in equity-settled benefit schemes as measured by the fair value of the options, rights and shares granted on grant date.

Further information in relation to KMP remuneration can be found in the directors' report.

NOTE 6: AUDITOR'S REMUNERATION

	Consolidated Group	
	2017 $	2016 $
Remuneration of the auditor for:		
– audit of the financial statements	67,000	48,500
– other audit and advisory services	28,700	10,590
	87,700	59,090

NOTE 7: EARNINGS PER SHARE

		Consolidated Group	
		2017 **$**	**2016** **$**
	Basic and diluted loss per share		
a.	Profit/(Loss) from continuing operations attributable to the ordinary equity holders of the Company	1,647,508	(5,120,633)
	Profit/(Loss) from discontinued operations attributable to the ordinary equity holders of the Company	100,395	(1,093,597)
	Profit/(Loss) attributable to the ordinary equity holders of the Company	1,747,903	(6,214,230)
		No.	**No.**
b.	Weighted average number of shares used as the denominator		
	Weighted average number of ordinary shares outstanding during the year used in calculating basic and dilutive EPS	382,284,081	121,656,059

Earnings/(Loss) per share		
Basic and diluted from continuing operations (cents)	0.43	(4.21)
Basic and diluted from discontinued operations (cents)	0.03	(0.90)
Earnings/(Loss) per share (cents) – basic and diluted	**0.46**	**(5.11)**

NOTE 8: CASH AND CASH EQUIVALENTS

	Consolidated Group	
	2017	**2016**
	$	**$**
Cash at bank and on hand	1,042,894	2,301,232
	1,042,894	2,301,232

a. **Cash Flow Information**

	Consolidated Group	
	2017	**2016**
	$	**$**
Reconciliation of Cash Flow from Operations with Profit after Income Tax		
Profit/(Loss) after income tax	1,747,903	(6,214,230)
Depreciation, amortisation and write-offs	2,045,067	1,515,650
Gain on sale of LTC business assets	(1,925,469)	-
Share based payments expense	-	1,026,252
Impairment of goodwill	-	876,736
Other non-cash items from discontinued operations	-	178,690
Changes in operating assets and liabilities:		
- Trade and other receivables	(1,777,249)	(3,216,005)
- Trade and other payables	(186,042)	2,600,606
- Inventories	99,301	(1,417,483)
- Assets/liabilities held for sale	692,522	(692,522)
- Other assets	72,987	(140,796)
- Provisions	138,590	176,925
- Deferred tax assets	(652,591)	595,237
	255,019	(4,710,940)

NOTE 9: TRADE AND OTHER RECEIVABLES

	Consolidated Group	
	2017	**2016**
	$	**$**
CURRENT		
Trade receivables	6,942,841	4,191,191
Other receivables	1,328,521	185,922
Less: impairment losses	(212,000)	-
Total current trade and other receivables	8,059,362	4,377,113

a **Credit Risk**

The Group has a significant concentration of credit risk arising from its ordinary course of business due to its relatively small customer base. The class of assets described as “trade and term receivables” is considered to be the main source of credit risk related to the Group.

The following table details the Group’s trade and other receivables exposed to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as “past due” when the debt has not been settled, with the terms and conditions agreed between the Group and the customer or counterparty to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the Group.

The balances of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality.

			Past Due but Not Impaired (Days Overdue)			
	Gross Amount	**Past Due and Impaired**	**< 30**	**31–60**	**> 60**	**Within Initial Trade Terms**
	$	**$**	**$**	**$**	**$**	**$**
2017						
Trade and term receivables	6,942,841	212,000	2,260,211	840,308	396,251	3,234,071
Other receivables	1,328,521	-	-	-	-	1,328,521
Total	8,059,362	212,000	2,260,211	840,308	396,251	4,562,592
2016						
Trade and term receivables	4,191,190	-	1,568,937	455,651	348,851	1,817,751
Other receivables	185,922	-	-	-	-	185,922
Total	4,377,113	-	1,568,937	455,651	348,851	2,003,673

NOTE 9: TRADE AND OTHER RECEIVABLES

b. **Collateral Pledged**

Security over all of the Group's current and future assets (including receivables) has been provided to GIM. Refer to Note 14b for further details.

b. **Movements in Provision of Impairment**

	Consolidated Group	
	2017	**2016**
	$	**$**
At the beginning of the reporting period	-	-
Impairment losses recognised	212,000	-
At 30 June	212,000	-

NOTE 10: INVENTORIES

	Consolidated Group	
	2017	**2016**
	$	**$**
CURRENT		
At cost and net realisable value:		
Work in progress	873,825	1,379,414
Raw materials	1,309,085	299,163
Finished goods	301,415	905,049
	2,484,325	2,583,626

NOTE 11: PLANT AND EQUIPMENT

	Consolidated Group	
	2017	**2016**
	$	**$**
Plant and equipment – at cost	14,224,303	14,221,169
Less: accumulated depreciation	(6,388,472)	(4,968,180)
	7,835,831	9,252,989
Office equipment – at cost	163,809	99,521
Less: accumulated depreciation	(101,334)	(11,105)
	62,475	88,416
TOTAL PLANT AND EQUIPMENT	7,898,306	9,341,405

a. **Movements in Carrying Amounts**

Movements in the carrying amounts for each class of plant and equipment between the beginning and the end of the current financial year:

	Plant and Equipment	**Leasehold Improvements**	**Office Equipment**	**Total**
	$	**$**	**$**	**$**
Consolidated Group:				
Balance at 1 July 2015	10,246,615	22,317	31,456	10,300,388
Additions	1,033,429	61,936	3,993	1,099,358
Acquisitions through business combinations (Note 16)	-	-	119,139	119,139
Depreciation expense	(1,487,669)	-	(21,231)	(1,508,900)
Reduction in carrying value from grant income	(400,000)	-	-	(400,000)
Other adjustments	(7,995)	(4,441)	(44,147)	(56,583)
Transferred to assets held for sale	(131,391)	(79,812)	(794)	(211,997)
Balance at 30 June 2016	**9,252,989**	**-**	**88,416**	**9,341,405**
Additions	576,630	-	20,927	597,557
Depreciation expense	(1,357,773)	-	(46,868)	(1,404,641)
Write-offs	(636,015)	-	-	(636,015)
Balance at 30 June 2017	**7,835,831**	**-**	**62,475**	**7,898,306**

NOTE 12: INTANGIBLE ASSETS

	Consolidated Group	
	2017	**2016**
	$	**$**
Intellectual property – at cost	222,339	345,698
Less: amortisation	(144,460)	(235,799)
	77,879	109,899
Product development costs – at cost	523,031	142,259
Less: amortisation	-	-
	523,031	142,259
Formation expenses	1,095	1,095
Brands	6,914,998	6,914,998
Goodwill	702,268	702,268
TOTAL INTANGIBLE ASSETS	8,219,271	7,870,519

a. **Movements in Carrying Amounts**

Reconciliations of the written down values at the beginning and end of the current and previous financial years are set out below:

	Goodwill	**Brand**	**Intellectual property**	**Product development costs**	**Other intangible assets**	**Total**
	$	**$**	**$**	**$**	**$**	**$**
Consolidated Group:						
Balance at 1 July 2015	702,268	-	64,578	-	1,965	768,812
Acquisition through business combinations	876,736	6,914,998	-	-	-	7,791,735
Additions	-	-	50,404	142,259	-	192,664
Amortisation charge	-	-	(5,083)	-	-	(5,083)
Adjustments	-	-	-	-	(871)	(871)
Impairment losses	(876,736)	-	-	-	-	(876,736)
Balance at 30 June 2016	**702,268**	**6,914,998**	**109,899**	**142,259**	**1,095**	**7,870,519**
Additions	-	-	24,8411	380,772	-	405,613
Amortisation charge	-	-	(4,411)	-	-	(4,411)
Disposal (Note 28)	-	-	(52,450)	-	-	(52,450)
Balance at 30 June 2017	**702,268**	**6,914,998**	**77,879**	**523,031**	**1,095**	**8,219,271**

b. **Impairment Disclosures**

The recoverable amounts of the consolidated entity's goodwill, brand and plant and equipment have been determined by a value-in-use calculations using a discounted cash flow model, based on a 12-month projection period approved by management and extrapolated for a further 4 years by using key assumptions.

Key assumptions are those to which the recoverable amount of an asset or cash-generating units is most sensitive.

The business had revenue and cost growth rates of 5% per annum and a discount rate of 12%.

NOTE 13: OTHER ASSETS

	Consolidated Group	
	2017 $	2016 $
CURRENT		
Prepayments	64,550	69,051
	64,550	69,051
NON-CURRENT		
Prepayments	7,615	76,101
Rental bond	100,000	100,000
	107,615	176,101
	172,165	245,152

NOTE 14: INTERESTS IN SUBSIDIARIES

a. **Information about Principal Subsidiaries**

The subsidiaries listed below have share capital consisting solely of ordinary shares, which are held directly by the Group. The proportion of ownership interests held equals the voting rights held by the Group. Each subsidiary's principal place of business is also its country of incorporation.

Name of Subsidiary	Principal Place of Business	Ownership Interest Held by the Group		Proportion of Non-controlling Interests	
		2017 %	2016 %	2017 %	2016 %
LangTech International Pty Ltd	Australia	100	100	-	-
Roxdale Foods Limited	New Zealand	-	100	-	-
LangTech Citrus Pty Ltd	Australia	100	100	-	-
LangTech Bottling Pty Ltd	Australia	100	100	-	-
Australia's Garden (HK) Limited (i)	Hong Kong	100	100	-	-
Thirsty Brothers Pty Ltd	Australia	100	100	-	-
Shandong LangTech Food Technology Co Limited	China	10	10	-	-

(i) The company did not trade during the financial year

b. **Significant Restrictions**

Other than the following, there are no significant restrictions over the Group's ability to access or use assets, and settle liabilities, of the Group:

LangTech International Pty Ltd has entered into a working capital and term loan facility with GIM Credit (Luxembourg) S.à.r.l ("GIM") as described in Note 17. Facility A was drawn down as to $3m as at the date of this report. The facility is secured by all of the Group's current and future assets via a security interest over personal property and via fixed and floating charge over all other property (including trade receivables, cash and cash equivalents). The facility contains detailed conditions precedent to draw down. The facility is financial covenant lite in that once the funds have been drawn under the facility, there is no periodic (eg quarterly) financial covenant testing. Covenants imposed by GIM restrict asset disposals (other than with GIM's consent, or in the ordinary course of business, or in other limited circumstances), acquisitions (other than with GIM's consent or in other limited circumstances) and dividend payments (other than with GIM's consent or in other limited circumstances).

NOTE 15: TRADE AND OTHER PAYABLES

	Consolidated Group	
	2017	**2016**
	$	**$**
CURRENT		
Trade payables	4,181,584	3,701,617
Other payables and accruals	2,835,665	2,486,149
TOTAL TRADE AND OTHER PAYABLES	7,017,249	6,187,766

Trade payables are unsecured and are generally paid within 30 days (and up to 90 days) from date of invoice.

NOTE 16: PROVISIONS

	Consolidated Group	
	2017	**2016**
	$	**$**
CURRENT		
Employee benefits	500,111	376,209
NON-CURRENT		
Employee benefits	108,253	93,565
TOTAL PROVISIONS	608,364	469,774

Provision for Employee Benefits

Provision for employee benefits represents amounts accrued for annual leave and long service leave.

The current portion for this provision includes the total amount accrued for annual leave entitlements, and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the Group does not expect the full amount of annual leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the Group does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

The non-current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

NOTE 17: BORROWINGS

	Consolidated Group	
	2017	**2016**
	$	**$**
CURRENT		
Secured liabilities:		
Loan – GIM	3,056,918	3,000,000
Total borrowings	3,056,918	3,000,000

b. The carrying amounts of non-current assets pledged as security are general security over all current and future assets amounting to $28,528,914 (2016: $27,541,526).

c. **Collateral provided**

Refer to Note 14b for a description of the security provided to GIM

d. **Maturity of loan – GIM Facility**

	Interest Rate	2017	2016
		$	**$**
31 March 2020	7.5%	3,000,000	3,000,000

NOTE 18: DEFERRED CONSIDERATION LIABILITY

	2017	2016
	$	**$**
CURRENT		
Deferred consideration liability (a)	600,000	2,495,237
NON-CURRENT		
Deferred consideration liability (a)	6,879,241	6,600,000
Total deferred consideration liability	7,479,241	9,095,237

(a) Heinz and LTI have amended the payment schedule for the above loan such that $600,000 (plus accrued interest) is due on 15 July 2017; and the final payment for the above assets of $6.6m plus accrued interest is to be paid 30 September 2018. The loan had second ranking security over its current and future assets to Heinz (in subordination to the GIM facility).

NOTE 19: TAX

		Consolidated Group 2017 $	2016 $
a.	**Amounts recognised in profit or loss:**		
	Deferred tax expense / (benefit)	(652,591)	-
	Total income tax expense / (benefit)	(652,591)	-
b.	**The prima facie tax on loss from ordinary activities before income tax, is reconciled to income tax as follows:**		
	Profit/(Loss) before tax from continuing operations	1,241,027	(5,120,633)
	Profit/(Loss) before tax from discontinued operations	100,395	(1,093,597)
		1,341,422	(6,214,230)
	Prima facie tax benefit on loss from ordinary activities before income tax at 30% (2015: 30%)	402,427	(1,864,269)
	Add:		
	Tax effect of:		
	– non-allowable items	198,479	410,726
	– qualifying R&D expenditure	-	1,421,518
	– capital gain on deconsolidation	-	450,263
	– non-deductible share based payments	-	307,876
	– goodwill impairment	-	263,021
		198,479	2,963,872
	Less:		
	Tax effect of:		
	– R&D income	(548,616)	(1,081,667)
	– Deductible borrowing costs not in accounting loss	-	(71,543)
	– Deductible capital items not in accounting loss	-	(302,400)
	– Capital gain on sale of subsidiary	(58,790)	-
	– Recoupment of prior year tax losses not previously brought to account	(652,591)	-
	Less: Timing difference not recognised	6,500	(434,536)
	Add: Deferred tax assets not recognised	-	901,011
		(1,253,497)	(1,455,610)
	Prima facie tax benefit on loss attributable to entity*	(652,591)	-

In the previous year, no deferred tax assets have been recognised as yet since it is currently not probable that future taxable profit will be available to realise the asset.

NOTE 19: TAX

c. **Deferred tax assets and liabilities**

	Opening Balance	Credited to Income	Acquisitions through business combinations	Closing Balance
	$	$	$	$
NON-CURRENT				
Consolidated Group				
Deferred tax liabilities				
Tangible assets revaluation	469,530	-	(469,530)	-
Balance at 30 June 2016	469,530	-	(469,530)	-
Deferred tax assets				
Tax losses	-	652,591	-	652,591
Balance at 30 June 2017	-	652,591	-	652,591

NOTE 20: ISSUED CAPITAL

	Consolidated Group	
	2017	**2016**
	$	**$**
434,064,871 (2016: 294,064,871) fully paid ordinary shares	31,676,066	31,242,066
Performance shares	186,761	520,241
Performance rights	75,370	175,890
	31,938,197	31,938,197

NOTE 20: ISSUED CAPITAL

		2017	2016
		No	No
a.	**Ordinary Shares**		
	At the beginning of the reporting period	294,064,871	8,000,000
	Movements in ordinary shares:		
–	8 December 2015 (Issued for cash)	-	175,000
–	11 February 2016 (Options exercised)	-	1,000,000
–	11 February 2016 (Issued in settlement of a liability)	-	3,091,001
–	11 February 2016 (Issue of shares)	-	825,000
–	11 February 2016 (Elimination of Langtech International Pty Ltd shares on issue on acquisition)	-	(13,091,001)
–	11 February 2016 (Issue of shares to former shareholders of Langtech International Pty Ltd)	-	120,000,000
–	11 February 2016 (Public share offer)	-	120,000,000
–	11 February 2016 (Shares of the Food Revolution Group Limited (formerly Crest Minerals Limited) on acquisition	-	15,314,871
–	11 February 2016 (Conversion of convertible notes to ordinary shares)	-	33,750,000
–	11 February 2016 (Facilitation shares)	-	5,000,000
–	3 August 2016 (Conversion of A class performance shares)	61,471,049	-
–	3 August 2016 (Conversion of A class performance rights)	18,528,951	-
–	29 March 2017 (Conversion from performance B shares)	46,103,286	-
–	29 March 2017 (Conversion from performance B rights)	13,896,714	-
	At the end of the reporting period	434,064,871	294,064,871

Ordinary shares participate in dividends and the proceeds on winding-up of the parent entity in proportion to the number of shares held.

At the shareholders' meetings each ordinary share is entitled to one vote when a poll is called; otherwise each shareholder has one vote on a show of hands.

		Consolidated Group	
		2017	2016
		$	$
b.	**Performance Shares**		
	At the beginning of the reporting period	164,416,146	-
	Issue during the year	-	164,413,146
	Conversion to ordinary shares during the year	(107,577,335)	-
	At the end of the reporting period	56,838,811	164,413,146

On 11 February 2016, as part of the reverse takeover transaction, The Food Revolution Group Limited issued 164,413,146 performance shares to certain vendors of LangTech International Pty Ltd.

NOTE 20: ISSUED CAPITAL

b. **Performance Shares**

These performance shares comprised 61,471,049 A Class performance shares, 46,103,286 B Class performance shares and 56,838,811 C Class performance shares. The A Class performance shares automatically convert into ordinary shares upon the Group achieving gross sales of at least $1m per month for three consecutive months from branded product sales, where those sales achieve an average gross profit margin of at least 35%, and where the Group spends less than $2m on marketing to achieve such sales. The B Class performance shares automatically convert into ordinary shares upon LangTech and its subsidiaries achieving an EBITDA run rate (calculated by extrapolating historic EBITDA over any given 6 month period over year) of $5m or more. The B Class performance shares lapse if the run rate is not achieved by the earlier of release of the Group's results for financial year 2017 and 30 September 2017. The C Class performance shares automatically convert into ordinary shares upon LangTech and its subsidiaries achieving an EBITDA run rate (calculated by extrapolating historic EBITDA over any given 6 month period over year) of $10m or more. The C Class performance shares lapse if the run rate is not achieved by the earlier of release of the Group's results for financial year 2018 and 30 September 2018.

On 2 August 2016, the Group announced that the milestones for the conversion of the A Class performance shares had been met.

On 29 March 2017, the group announced that the milestones for the conversion of B class performance shares had been met.

	Consolidated Group	
	2017	**2016**
	No	**No**
c. **Performance Rights**		
At the beginning of the reporting period	55,586,854	-
Issue during the year	-	55,586,854
Conversion to ordinary shares during the year	(32,425,665)	-
At the end of the reporting period	23,161,189	55,586,854

On 11 February 2016, as part of the reverse takeover transaction, The Food Revolution Group Limited issued 55,586,854 performance rights to certain vendors of LangTech International Pty Ltd.

These performance rights comprised 18,528,951 A Class performance rights, 13,896,714 B Class performance rights and 23,161,189 C Class performance rights. The A Class performance rights automatically convert into ordinary shares upon the Group achieving gross sales of at least $1m per month for three consecutive months from branded product sales, where those sales achieve an average gross profit margin of at least 35%, and where the Group spends less than $2m on marketing to achieve such sales. The B Class performance rights automatically convert into ordinary shares upon LangTech and its subsidiaries achieving an EBITDA run rate (calculated by extrapolating historic EBITDA over any given 6 month period over year) of $5m or more.

The B Class performance rights lapse if the run rate is not achieved by the earlier of release of the Group's results for financial year 2017 and 30 September 2017. The C Class performance rights automatically convert into ordinary shares upon LangTech and its subsidiaries achieving an EBITDA run rate (calculated by extrapolating historic EBITDA over any given 6 month period over year) of $10m or more. The C Class performance rights lapse if the run rate is not achieved by the earlier of release of the Group's results for financial year 2018 and 30 September 2018.

On 2 August 2016, the Group announced that the milestones for the conversion of the A Class performance rights had been met.

On 29 March 2017, the Group announced that the milestones for the conversion of the B Class performance rights had been met.

NOTE 20: ISSUED CAPITAL

d. **Options**

For information relating to The Food Revolution Group employee option plan, including details of options issued, exercised and lapsed during the financial year and the options outstanding at balance date, refer to Note 23.

e. **Capital Management**

Management controls the capital of the Group in order to maintain a sustainable debt to equity ratio, generate long-term shareholder value and ensure that the Group can fund its operations and continue as a going concern.

The Group's debt and capital include ordinary share capital and financial liabilities, supported by financial assets.

The Group is not subject to any externally imposed capital requirements.

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

The gearing ratios for the years ended 30 June 2017 and 30 June 2016 are as follows:

	Consolidated Group	
	2017	**2016**
	$	**$**
Total financial debt	3,056,918	3,000,000
Total deferred consideration	7,479,241	9,095,237
Less cash and cash equivalents	(1,042,894)	(2,301,232)
Net debt (including deferred purchase consideration)	9,493,265	9,794,005
Total equity	10,367,142	8,658,792
Total capital	19,860,407	18,452,797
Gearing ratio (net debt / net debt + equity)	48%	53%

NOTE 21: CAPITAL AND LEASING COMMITMENTS

	Consolidated Group	
	2017	**2016**
	$	**$**
a. **Operating Lease Commitments**		
Non-cancellable operating leases contracted for but not recognised in the financial statements		
Payable – minimum lease payments:		
– not later than 1 year	1,117,966	1,120,980
– later than 1 year but not later than 2 years	1,040,854	1,154,609
– later than 2 years	170,302	1,299,562
	2,329,122	3,575,151

Operating lease commitments relate to the Group's Mill Park and Laverton facility leases, together with the lease of certain plant and equipment.

c. **Capital Expenditure Commitments**

There are no capital commitments as at 30 June 2017 and 30 June 2016.

NOTE 22: OPERATING SEGMENTS

General Information

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Directors have considered the requirements of AASB 8 – Operating Segments, and have concluded that at this time there are no separately identifiable reportable segments.

NOTE 23: SHARE-BASED PAYMENTS

(i) In the previous year, 7,351,622 unlisted share options and were issued to the Group's financial adviser and former directors of the Group as part of the completion of the capital raising and reverse takeover transaction. In addition, 5,000,000 ordinary shares were issued to the Group's financial adviser (or its nominee). These shares and options are escrowed until 16 February 2018. The options are unlisted and have an exercise price of $0.12 per share and an expiry date of 30 June 2018. $1,026,252 was recognised as share based payment in the previous year.

(ii) There were no shares and/or options granted to key management personnel as share based payments during financial year (2016: nil).

(iii) The Group established The Food Revolution Group Share Option Plan Scheme (approved by shareholders on 15 December 2016) (Plan) to provide incentives to the employees of the Company and to recognise their contribution to the Company's success. The Plan is limited to directors, senior-executives and full or part-time employees of the Company or a related body corporate of the Company. The Directors are considering adopting a plan on broadly similar terms for contractors.

Under the Plan, the Board may offer to eligible persons the opportunity to receive such number of Options in the Company as the Board may decide and on terms set out in the rules of the Plan. Options granted under the Plan will be offered to participants in the Plan on the basis of the Board's view of the contribution of the eligible person to the Company.

Options may be issued with performance conditions, as determined by the board, which are required to be met before the options vest (failing which the options lapse). Options may be issued for nil or nominal consideration, and with an expiry date and exercise price, as determined by the board.

There have been no options issued under the Plan as at the date of this report.

NOTE 24: RELATED PARTY TRANSACTIONS

a. **The Group's main related parties are as follows:**

(i) *Entities exercising control over the Group:*

The ultimate parent entity that exercises control over the Group is The Food Revolution Group Limited, which is incorporated in Australia.

(ii) *Key management personnel:*

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity, are considered key management personnel.

For details of disclosures relating to key management personnel, refer to Note 5.

(iii) *Other related parties:*

Other related parties include entities controlled by the ultimate parent entity and entities over which key management personnel have joint control.

b. **Transactions with related parties:**

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Balances and transactions between The Food Revolution Group Limited and its controlled entities which are related parties of The Food Revolution Group Limited, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

The following transactions occurred with related parties:

		Consolidated Group	
		2017	**2016**
		$	**$**
(i)	*Professional services provided by related parties:*		
	Payment for professional services to entities associated with related parties	909,153	108,685
	Payables for professional services at reporting date	12,500	-
(iii)	*Sale of Goods and Services to related parties:*		
	Revenue from sale of goods and services provided to companies controlled by a director	1,179,040	-
	Receivables for sale of goods and services provided at reporting date	634,335	-

NOTE 25: FINANCIAL RISK MANAGEMENT

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

The totals for each category of financial instruments, measured in accordance with AASB 139: *Financial Instruments: Recognition and Measurement* as detailed in the accounting policies to these financial statements, is as follows:

	Note	Consolidated Group	
		2017 **$**	**2016** **$**
Financial assets			
Cash and cash equivalents	8	1,042,894	2,301,232
Trade and other receivables	9	8,059,362	4,377,113
Total financial assets		9,102,257	6,678,345
Financial liabilities			
Financial liabilities at amortised cost:			
– trade and other payables	15	7,017,249	6,187,766
– borrowings	17	3,056,918	3,000,000
– deferred consideration liability	18	7,479,241	9,095,237
Total financial liabilities		17,553,408	18,283,003

Specific Financial Risk Exposures and Management

The main risks the Group is exposed to through its financial instruments are credit risk and liquidity risk, and, to a lesser extent, market risk consisting of interest rate risk, foreign currency risk and other price risk (commodity risk). There have been no substantive changes in the types of risks the Group is exposed to, how these risks arise, or the Board's objectives, policies and processes for managing or measuring the risks from the previous period.

a. **Credit risk**

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group.

Credit risk is managed through the maintenance of procedures (such as the utilisation of systems for the approval, granting and renewal of credit limits, regular monitoring of exposures against such limits and monitoring of the financial stability of significant customers and counterparties), and ensuring to the extent possible that customers and counterparties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment. Credit terms are generally 30 days from the invoice date.

Where the Group is unable to ascertain a satisfactory credit risk profile in relation to a customer or counterparty, the risk may be further managed through title retention clauses over goods or obtaining security by way of personal or commercial guarantees over assets of sufficient value which can be claimed against in the event of any default.

Credit risk exposures

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period excluding the value of any collateral or other security held, is equivalent to the carrying amount and classification of those financial assets (net of any provisions) as presented in the statement of financial position.

The group has significant concentrations of credit risk arising from its ordinary course of business due to its relatively small customer base. Details are provided in Note 10.

Trade and other receivables that are neither past due nor impaired are detailed in Note 10.

NOTE 25: FINANCIAL RISK MANAGEMENT

b. **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 the following mechanisms:

– preparing forward-looking cash flow analyses in relation to its operating, investing and financing activities;

– monitoring undrawn credit facilities;

– obtaining funding from a variety of sources;

– maintaining a reputable credit profile;

– managing credit risk related to financial assets;

– only investing surplus cash with major financial institutions; and

– comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

The table below reflects an undiscounted contractual maturity analysis for financial liabilities.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates and does not reflect management's expectations that banking facilities will be rolled forward.

Financial liabilities and financial assets maturity analysis

	Within 1 Year		**1 to 5 Years**		**Over 5 Years**		**Total**	
	2017	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**
Consolidated Group Financial liabilities due for payment	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Borrowings	3,056,918	3,000,000	-	-	-	-	3,056,918	3,000,000
Deferred consideration liability	600,000	2,495,237	6,879,241	6,600,000	-	-	7,479,241	9,095,237
Trade and other payables	7,017,249	6,187,766	-	-	-	-	7,017,249	6,187,766
Total expected outflows	10,674,167	11,683,003	6,879,241	6,600,000	-	-	17,553,408	18,283,003
Financial assets – cash flows realisable								
Cash and cash equivalents	1,042,894	2,301,232	-	-	-	-	1,042,894	2,301,232
Trade and other receivables	8,059,362	4,377,113	-	-	-	-	8,059,362	4,377,113
Total anticipated inflows	9,102,256	6,678,345	-	-	-	-	9,102,256	6,678,345
Net (outflow)/ inflow on financial instruments	(1,571,911)	(5,004,658)	(6,600,000)	(6,600,000)	-	-	(8,451,552)	(11,604,658)

NOTE 25: FINANCIAL RISK MANAGEMENT

c. **Market risk**

(i) *Interest rate risk*

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments.

The financial instruments that primarily expose the Group to interest rate risk are cash, cash equivalents and borrowings.

The Group's current borrowings are at fixed rates of interest.

(ii) *Foreign exchange risk*

The Group has exposure to movements in foreign currency exchange rates through purchases of ingredients (where those ingredients are not available in Australia).

The Food Revolutions Group Limited's functional currency is Australian dollars.

The Group imports a small amount of ingredients to meet demand (where those ingredients are not available in Australia), and accordingly has exposure to foreign currencies of those suppliers.

Given the Group's small foreign currency exposure, the Group does not currently hedge.

Exposure to overseas debtors to foreign exchange risk is minimal as these transactions are primarily denominated in Australian dollars.

The Group has no open foreign exchange forward contracts at the end of the reporting period relating to highly probable forecast transactions and recognised financial assets and financial liabilities.

(iii) *Other price risk*

Other price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices largely due to demand and supply factors (other than those arising from interest rate risk or currency risk) for commodities.

The Group is exposed to commodity price risk through the purchase of fruit and other commodity ingredients, and the sale of commodity products (primarily concentrates). There were no hedges in place at the end of the reporting period.

d. **Fair Values**

The carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements are considered to approximate their fair values.

NOTE 26: RESERVES

a. **Revaluation surplus**

The revaluation surplus records revaluations of non-current assets. Under certain circumstances dividends can be declared from this reserve.

b. **Foreign currency translation reserve**

The foreign currency translation reserve records exchange differences arising on translation of a foreign controlled subsidiary.

c. **Options reserve**

The option reserve records items recognised as expenses on valuation of employee share options or options issued as share based payments.

	Consolidated Group	
	2017	**2016**
	$	**$**
Revaluation surplus		
Opening balance	1,095,570	1,095,570
Movement in revaluation surplus	-	-
Closing balance	1,095,570	1,095,570
Foreign currency translation reserve		
Opening balance	39,553	46,262
Exchange differences on translation of foreign operations	11,161	(6,709)
Transfer to profit or loss	(50,714)	-
Closing balance	-	39,553
Options reserve		
Opening balance	526,252	-
Share based payments expense	-	526,252
Closing balance	526,252	526,252

NOTE 27: CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Contingent Liabilities

As at the date of this report, the Group is not aware of any reportable contingent liabilities as at 30 June 2017 and 30 June 2016.

NOTE 28: PROFIT/(LOSS) FROM DISCONTINUED OPERATIONS

(i) Divestment of concentrate and NFC production business

On 19 December 2016, the Group entered into a binding terms sheet with Defugo Group Australia Pty Ltd to divest business to produce natural functional food, beverage and nutraceutical products principally to its wholly-owned subsidiary, Langtech Bottling Pty Ltd for a consideration of $1,755,000. Accordingly, the associated business assets (discontinued operation) are presented as a disposal group held for sale. The divestment of business enables the group to focus on branded product manufacturing and sales. The divestment is completed on 17 January 2017.

The financial performance and position of the discontinued operation are presented as follows:

	2017
	$
Revenue	121,754
Expenses	(1,964,592)
Loss before income tax	(1,842,838)
Income tax expense	-
Loss after income tax of discontinued operation	(1,842,838)
Gain on sale of business assets	1,672,550
Loss from discontinued operation	169,833

Details of the sale of the business assets (including IP) are presented as follows:

Consideration received or receivable	1,755,000
Carrying amount of net assets sold	(82,450)
Gain on sale after income tax	1,672,550

Details of the sale of the business assets (including IP) are presented as follows:

Inventories	30,000
Intangible assets – intellectual property	52,450
Total assets	82,450
Net assets	82,450

NOTE 28: PROFIT/(LOSS) FROM DISCONTINUED OPERATIONS

(ii) Divestment of Roxdale business

On 8 August 2016, the Group entered into a binding terms to divest Roxdale Foods Limited to Defugo Bioceuticals Pte Ltd. The sale was completed on 19 December 2016. Roxdale recorded a profit before tax of $17,764 for the period to the date of disposal.

Details of the sale are presented as follows:

	2017
	$
Consideration received or receivable - cash	1,198,890
Settlement of inter-company loan balances	(733,432)
	465,458
Carrying amount of net assets sold	(212,539)
Gain on sale after income tax	252,919

The carrying amounts of assets and liabilities as at the date of disposal (19 December 2016) were:

Trade and other receivables	100,036
Inventories	547,217
Plant and equipment	194,795
Total assets	842,048
Trade and other payables	68,765
Current tax liabilities	56,206
Provisions	36,867
Borrowings	467,671
Total liabilities	629,509
Net assets	212,539

NOTE 29: COMPANY DETAILS

The registered office and principal place of business of the company is:

The Food Revolution Group Limited
20 Heaths Court
Mill Park, VIC, 3082

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DIRECTORS' DECLARATION

The Food Revolution Group Limited (ABN 20 150 015 446) and Controlled Entities

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of The Food Revolution Group Limited, the directors of the company declare that:

1. the financial statements and notes, as set out on pages 18 to 57, are in accordance with the *Corporations Act 2001* and:
   a. comply with Australian Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards; and
   b. give a true and fair view of the financial position as at 30 June 2016 and of the performance for the year ended on that date of the consolidated group;
2. in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
3. the directors have been given the declarations required by s 295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer.

Chairman..

Graham Duff

Dated this 28th day of September 2017

IN

INDEPENDENT AUDIT REPORT

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THE FOOD REVOLUTION GROUP LIMITED
ABN 20 150 015 446
AND CONTROLLED ENTITIES

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
THE FOOD REVOLUTION GROUP LIMITED
AND ITS CONTROLLED ENTITIES

Opinion

We have audited the financial report of The Food Revolution Limited and its controlled entities (the Group), which comprises the consolidated statement of financial position as at 30 June 2017, 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, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion:

(a) the accompanying financial report of the The Food Revolution Limited and its controlled entities is in accordance with the Corporations Act 2001, including:
  i. giving a true and fair view of the Group's financial position as at 30 June 2017 and of its performance for the year ended on that date; and
  ii. complying with Australian Accounting Standards and the Corporations Regulations 2001

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

Basis of Opinion

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. Our responsibilities under those standards are further described in the Auditor's responsibility section of our report. We are independent of the Company in accordance with the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporation Act 2001, which has been given to the directors of the company, would be in the same terms if given to the directors as at the time of this auditor's report.

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 judgement, were of most significance in our audit of the financial report of the year ended 30 June 2017. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

THE FOOD REVOLUTION GROUP LIMITED
ABN 20 150 015 446
AND CONTROLLED ENTITIES

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
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Key Audit Matter	How Our Audit Addressed the Key Audit Matter
Carrying value of intangible assets *Refer to Note 12 Intangible assets and Note 1(u) Critical accounting estimates and judgements*	
A substantial amount of the group's non-current assets relate to intangible assets amounting to $8,219,271 that are subject to an impairment assessment in accordance with AASB 136 "Impairment of Assets". The group's impairment assessment of intangible assets are considered a key audit matter as the valuation is judgemental and based on a number of assumptions, specifically cash flow projections, discount rates and terminal growth rates which are affected by future events and economic conditions.	Our procedures included, amongst others: • We assessed management's determination of the group's Cash-Generating Units ("CGUs"); • We involved Hall Chadwick's valuation experts to evaluate the methodologies used by the group and review the mathematical accuracy of the cash flow forecasts; • We evaluated management's key assumptions used in the cash flow forecasts to determine the recoverability of intangible assets and agreed relevant data to supporting documents; • We challenged management on the key assumptions used in the cash flow forecasts by considering this information and evidence available to us internally and externally; • We evaluated the historical reliability of prior period cash flow forecasts including assessing this against the actual financial performance of the group; • We performed sensitivity analysis around the key assumptions of growth rates and discount rate used in the cash flow forecasts and assessed the sensitivity and likelihood of a change of these assumptions that either individually or collectively would result in the intangible assets to be impaired or otherwise; and • We assessed the adequacy of the group's disclosures in relation to the carrying value of intangible assets.

Recoverability of trade and other receivables

Refer to Note 9 Trade and Other Receivables and Note 1(u) Critical accounting estimates and judgements

As at 30 June 2017, the group recorded a provision for impairment of trade and other receivables of $212,000. The assessment to determine the provision for impairment of trade and other receivables involved significant judgements by management including reviewing historical collection patterns, ageing of receivables and factors that are specific to the counterparties including security held and recovery options.	Our procedures included, amongst others: • Documenting our understanding of management's assessment and monitoring process to determine the adequacy of the provision of impairment for trade and other receivables; • Reviewed direct confirmation replies from counterparties confirming the existence and acknowledgement of their outstanding receivables; • Assessed the recoverability of a sample of large outstanding trade and other receivables by comparing management's view of recoverability of amounts outstanding to historical patterns of receipts, in conjunction with a review of cash received subsequent to year end; • Challenged management's view of credit risk and noted the historical patterns for long past due trade and other receivables; • Reviewed other available information including security held or latest correspondence with counterparties and held discussion with management to challenge knowledge of future conditions that may impact on the cash flows expected from the counterparties; and • We assessed the adequacy of the group's disclosures in relation to credit risk.

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Recoverability of deferred tax assets

Refer to Note 19 Deferred tax assets and Note 1(u) Critical accounting estimates and judgements

The recoverability of deferred tax assets is a key audit matter due to the degree of judgement required in assessing management's estimates of future taxable profits, particularly when this extends beyond the normal business planning cycle. The group has recognised deferred tax assets of $652,591 in accordance with AASB 112 "Income Taxes". These are primarily attributable to historic losses generated by the income tax consolidated group from 11 February 2016 to 30 June 2016. An assessment is required as to whether sufficient future taxable profits are likely to be generated to enable the assets to be realised.	Our procedures included, amongst others: • We examined the nature and timing of the temporary differences and losses having regard to the relevant tax legislation to challenge management's recognition of an asset; • We challenged the basis of management's assessment of recoverability of deferred tax assets generated from tax losses, including management's projected earnings growth against historic performance; • We tested the consistency of projections used in making the recoverability assessment with those used for other impairment testings; and • We assessed the adequacy of the group's disclosure in relation to the carrying value of deferred tax assets.

Other Information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2017, but does not include the financial report and the auditor's report thereon.

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report 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 the other information, we are required to report that fact. We have nothing to report in this regard.

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Responsibilities of the Directors 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 Australia Accounting Standards and the *Corporations Act 2001* and for such internal control as 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 preparing the financial report, the directors are 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 directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibility for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is 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 Australian Auditing Standards 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 this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, amongst other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

We have audited the remuneration report included in pages 10 to 14 of the directors' report for the year ended 30 June 2017. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with s 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the remuneration report of The Food Revolution Group Limited and its controlled entities for the year ended 30 June 2017 complies with s 300A of the Corporations Act 2001.

Hall Chadwick

HALL CHADWICK
Level 40, 2 Park Street
Sydney NSW 2000

DREW TOWNSEND
Partner
Dated: 28 September 2017

ASX

ADDITIONAL INFORMATION

The following information is current as at 26/09/2016:

1. **Shareholding**

a. **Distribution of Shareholders**

Category (size of holding):	Number Holders	Number Quoted Shares
1 – 1,000	137	117,969
1,001 – 5,000	126	381,035
5,001 – 10,000	85	728,214
10,001 – 100,000	348	16,388,822
100,001 and over	183	416,448,831
	879	434,064,871

b. The number of shareholdings held in less than marketable parcels is 252.

c. The names of the substantial shareholders listed in the holding company's register are:

Shareholder:	Number Ordinary	% of Voting Power
Victorian Clean Technology Fund Pty. Ltd.	81,768,868	18.84%
Fanucci Pty Ltd and Lang Technologies Pty Ltd	76,808,044	17.70%
Shenzhen Youngheng Biotechnology Co Limited	55,000,000	12.67%
Food Innovators Pty Ltd	45,000,000	10.37%
Mr Blagoja (Bill) Nikolovski and Aubinvest Pty Ltd	41,013,302	9.45%
HSBC Custody Nominees (Australia) Ltd	28,567,420	6.58%

d. **Voting Rights**

The voting rights attached to each class of equity security are as follows:

Ordinary shares

– Each ordinary share is entitled to one vote when a poll is called; otherwise each member present at a meeting or by proxy has one vote on a show of hands.

Performance shares (and performance rights)

– These shares have no voting rights.

e. **20 Largest Shareholders – Ordinary Shares (Quoted on ASX)**

	Name	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
1	VICTORIAN CLEAN TECHNOLOGY FUND PTY LTD	81,768,868	18.838
2	FANUCCI PTY LTD	64,987,918	14.972
3	SHENZHEN YOUNGHENG BIOTECHNOLOGY CO LIMITED	55,000,000	12.671
4	FOOD INNOVATORS PTY LTD	45,000,000	10.367
5	MR BLAGOJA NIKOLOVSKI	38,513,302	8.873
6	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	28,567,420	6.581
7	LANG TECHNOLOGIES PTY LTD	11,820,126	2.723
8	MR HONG WANG	7,500,000	1.728
9	TAYLOR COLLISON LIMITED	3,000,000	0.691
10	RIDGEPORT HOLDINGS PTY LTD	2,916,800	0.672
11	MR BARTOLOMIEJ RYSZARD STEPIEN	2,895,820	0.667
12	WELLINBAY PTY LTD	2,525,000	0.582
13	MS TANG FEI	2,500,000	0.576
14	AUBINVEST PTY LTD	2,500,000	0.576
15	FORTIS CORPORATE ADVISORY PTY LTD	2,435,002	0.561
16	FORTIS CORPORATE ADVISORY PTY LTD	2,128,325	0.490
17	TORBAY 1 PTY LTD	2,080,000	0.479
18	PHOENICIAN GROUP LIMITED	2,000,000	0.461
19	GIM CREDIT (LUXEMBOURG)	1,862,286	0.429
20	MRS YI TANG	1,818,695	0.419
		361,819,562	83.356

2. The name of the company secretary is John Fitzgerald.

3. The address of the principal registered office in Australia is 20 Heaths Court, Mill Park, VIC 3082. Telephone +61 3 9982 1451.

4. Registers of securities are held at the following addresses:

   Victoria 20 Heaths Court, Mill Park

5. **Stock Exchange Listing**

   Quotation has been granted for all the ordinary shares of the company on all Member Exchanges of the Australian Securities Exchange Limited.

6. **Unquoted Securities**

   Ordinary Shares:

   171,571,346 unquoted ordinary shares are on issue.

   Performance Shares:

56,868,811 performance shares are on issue at the date of this report.

56,838,811 C Class performance shares are held by 6 individual holders of which 55,665,102 (4 individual holders) are ASX escrowed until 19 February 2018.

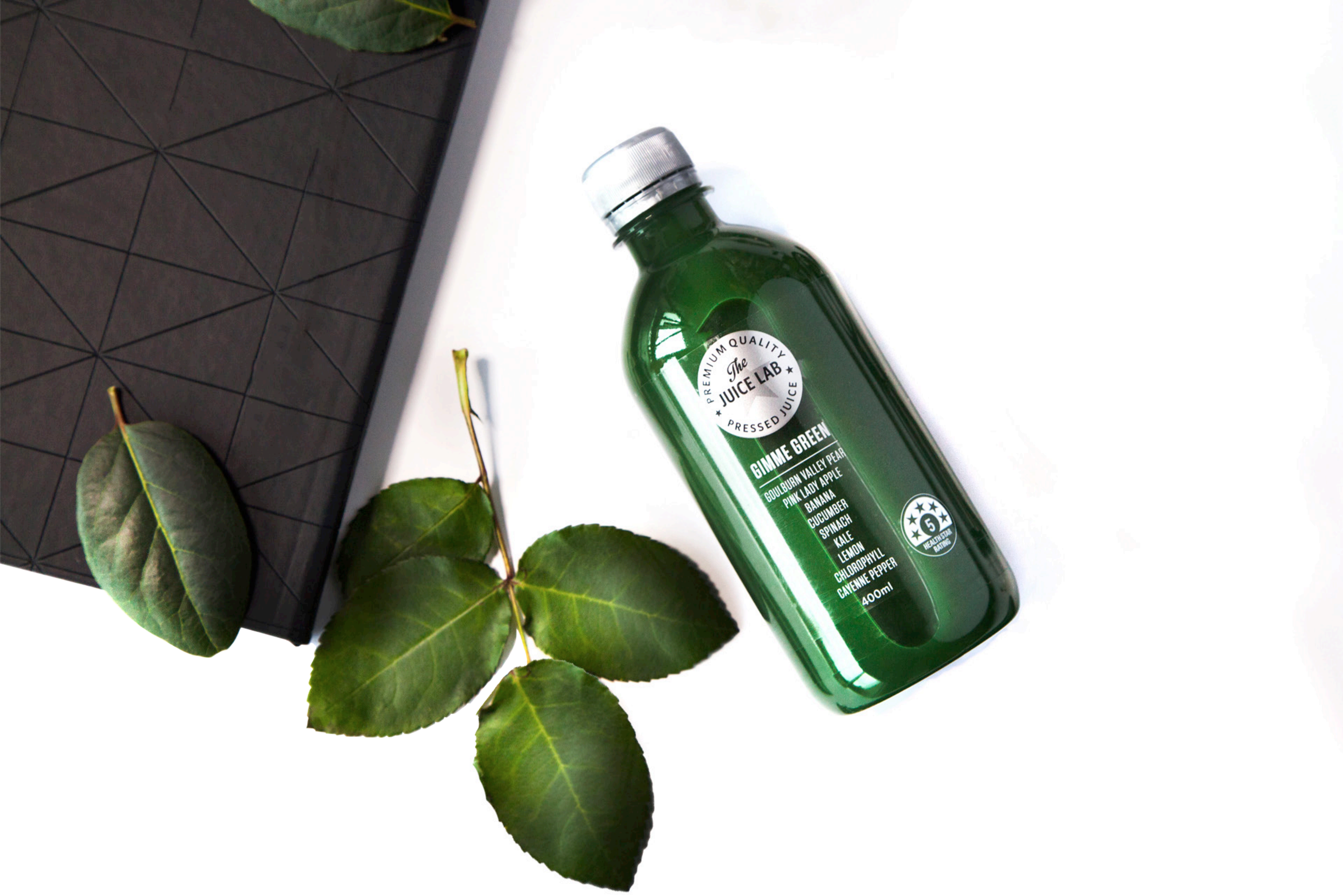
Performance Rights:

23,161,189 performance rights (class C) are on issue at the date of this report held by 3 individual holders

All performance rights are escrowed until 19 February 2018.

Options over Unissued Shares:

A total of 7,651,622 options are on issue held by 9 individual holders. These options are unlisted with 7,351,622 ASX escrowed until 19 February 2018. Nil options are on issue to directors and employees under The Food Revolution Group employee option plan.



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