

A close-up photograph of a baby with light skin and blue eyes, wearing a white long-sleeved shirt. The baby is holding a small, colorful globe of the Earth with both hands. The background is softly blurred, showing what appears to be a window with light coming through. The overall mood is clean, bright, and focused on the child and the globe.

bübs[®]
Organic

FY18 ANNUAL REPORT

Bubs Australia Limited and Controlled Entities | ACN 742 094 060



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GENERAL INFORMATION

The financial statements cover Bubs Australia Limited for the year ended 30 June 2018. The financial statements are presented in Australian dollars, which is Bubs Australia Limited's functional and presentational currency.

Bubs Australia Limited's registered office and principal place of business is:

2-4/6 Tilley Lane, Frenchs Forest
NSW 2086 Australia

CORPORATE DIRECTORY



DIRECTORS

Dennis Lin (Chairman)
Kristy-Lee Newland Carr
Matthew Reynolds
Johannes Gommans
(appointed 20 December 2017)



COMPANY SECRETARY

Jay Stephenson



REGISTERED OFFICE AND DOMICILE

Bubs Australia Limited is a
company limited by shares,
incorporated and domiciled in
Australia.

Its registered office is:

2-4/6 Tilley Lane, Frenchs
Forest
NSW 2086 Australia



SHARE REGISTRY

Computershare Investor
Services Pty Limited

Level 2
Reserve Bank Building
45 St George's Terrace
Perth WA 6000



AUDITORS

Ernst & Young
200 George Street
Sydney NSW 2001



AUSTRALIAN SECURITIES EXCHANGE

ASX Code: BUB

CHAIRMAN'S LETTER

Dear Shareholders

I am pleased to report that since listing in 2017, we have achieved our intermediate strategic goals on our journey toward becoming a leading infant nutrition brand, both here and in Asia, reshaping our destiny as we invest and build momentum for the future.

At the end of the 2018 Financial Year we can report that Bubs® products are available domestically through ranging in more than 2,000 stores including major supermarkets and pharmacy chains, as well as now being available through all major China facing eCommerce platforms.

Strategically, the most important development during the year was the Nulac Foods Pty Ltd (Nulac Foods) acquisition which brought security of goat milk supply and positioned

Bubs® as the only vertically integrated producer of goat milk infant formula in Australia with an exclusive access to 13 million litres of goat milk per annum, including from the largest milking goat herd in Australia.

Moreover, the Nulac Foods transaction gave Bubs a unique capacity to offer product integrity and traceability for its goat milk formula from the farm gate to the point of sale – the 'pathway to provenance' so critical to appealing to the Chinese market, where goat milk based formula is one of the fastest growing segments of the infant formula market.

Our China strategy advanced significantly, securing a brand nomination with Australia Deloraine Dairy, a manufacturing facility licensed by the Chinese regulators, and with our product registration application now with SAMR. We also opened an office and cross functional team in Shanghai.

Bubs® significantly expanded its cross-border eCommerce capability including agreements with New Times Asia, Alibaba Group and its physical distribution footprint via QianJiaWanPu, the largest distributor of infant formula in China. The Group has also been actively engaging the Australian Daigou community, sponsoring industry events, key opinion leaders and syndication of Bubs digital content through Tmall, Taobao and WeChat.

In addition, in 2018, Bubs Australia announced the completion of a substantially oversubscribed share Placement, raising \$40 million from professional and sophisticated investors to enhance the Company's financial flexibility and provide working capital to support new strategic opportunities and growth momentum, particularly in relation to China market development, further enhancement of our supply chain integration and new milk supply agreements.

During the year, gross sales increased to \$18.42 million, a 330% uplift in net revenues over the prior year, with material growth across all our core product offerings in both Bubs® and CapriLac® product ranges.

It is important to note that the overall statutory net loss of \$64.66 million for FY18 includes a \$48.23 million (FY17: Nil) non-cash impairment of goodwill relating to the Nulac Foods cash generating unit driven by an increase in the value of the shares issued to the vendors of Nulac Foods between entering into the purchase agreement on 3 November 2017 and completion on 20 December 2017.

This does not detract from the strategic value of the Nulac Foods acquisition which delivered an unrivalled 'provenance story' and supply chain security to the Group, essential to a sustainable future. It is not related to past business performance or any known reduction in expectations of future performance.

Marking our growing maturity and investor support for our vision, Bubs Australia was included in the ASX Top 500 All Ordinaries Index, greatly increasing liquidity and ability for institutions to invest in the Group.

Looking ahead, we are confident that with our domestic business performing strongly, we are well positioned to take advantage of the opportunities to realise our ambitions for business growth in China and beyond.

None of this could have been achieved without the dedication of our team and the support of our investors. On behalf of the Board, I thank you all.



Dennis Lin
DENNIS LIN
 Chairman

CEO'S LETTER

Dear Shareholders

The group's continuing focus on its four-pillar strategy, which combined with underlying investments in supply chain and capabilities, continues to deliver controlled and measured growth.

Positive momentum continued with quarter-on-quarter sales growth totaled \$18.42 million for the full year, with a material uplift in sales visible across all core product offerings, both domestically and in China.

Bubs® infant formula grew strongly, delivering 117% year-on-year growth, and a 306% increase in total net revenue when aggregated with the growth attributable to the Nulac Foods acquisition, including CapriLac® and Coach House Dairy® products.

Throughout the year, the Company focused on expanding key points of domestic distribution, including securing new ranging across its product portfolios in Woolworths, Costco, Aldi, Metcash, Chemist Warehouse and other leading pharmacy banners, as well as increasing store counts in longstanding retail partners Coles and Big W.

Bubs® infant formula sales increased by 33% in Coles in FY18, making it the fastest growing brand in value over the last 26 weeks as at 30 June 2018 versus the prior year (Source: Nielsen Scan Sales Data).

Although sales momentum continued strongly, our investment activities led to an operating loss, including the costs incurred outside of the operation of the Group, high costs associated with developing products suitable for direct importation into China, provisions to meet China's regulatory requirements, and establishing an office and cross functional team in Shanghai.

The key strategic development during the year was the establishment of Bubs® as a leader in Australia's goat dairy landscape. The investment in Nulac Foods Pty Ltd has given us insight and control over our supply chain and the establishment of our provenance story, from the packaged product back to the paddock. Bubs® now has exclusive long-term access to more than 65% of

Australia's total goat milk production at a fixed price. Together with our New Zealand milk pool, we can now produce up to 1,500 tonnes of milk powder annually.

In June 2018, Bubs Australia announced a binding long-term agreement with Australia Deloraine Dairy, one of the fifteen infant formula manufacturing facilities in Australia licensed to produce infant formula for export to China by the appointed Chinese regulatory body. Bubs® infant formula range has been nominated as one of their three brand slots providing a pathway towards achieving SAMR (formerly CFDA) registration.

Successful registration will enable Bubs® Chinese labeled infant formula products to be sold over the counter in a country that boasts over 80,000 Mother and Baby stores, putting Bubs® Infant Milk Formula in reach of the world's largest market for infant food products. In China, goat milk based formula represents 5-10% share of the infant formula category, is premium priced and estimated to be growing at above 28% CAGR for the period 2016 – 2020 [Source: Euromonitor and AC Nielsen].

Following successful import registration, Bubs Organic® baby food products have launched into the first Mother and Baby stores in China via a new partnership with QianJiaWanPu, the largest distributor of infant formula in China covering a network of over 80,000 specialty retail stores of which 50,000 are considered core stores.

The New Times Asia partnership enhances our China expansion capability. In addition to servicing major platforms previously partnered with Bubs®, New Times Asia has already secured incremental online ranging on Suning, Mia, Jumei, Yuou, and Baobaoshu. The New Times Asia agreement will at least double our net sales revenue of Bubs® and CapriLac® products in China with a with a total sales commitment for purchase orders valued at \$17M in FY19, \$24M in FY20 and \$37M in FY21.

The Merchant Service Agreement with Alibaba Group led to the opening of a Bubs® and CapriLac® Flagship Stores on Tmall Global.

More recently, Bubs Australia entered into an Agreement with HiPac; an Online-to-Offline (O2O) distributor for Mother and Baby stores in China, providing Bubs® with an on-shelf brand recognition prior to registration of Bubs infant formula.

Towards year-end we undertook a very successful capital raising that will provide the necessary working capital and inventory management to support growth in market development including supplying QianJiaWanPu and New Times Asia, supply chain security, brand marketing and infant nutritionals product innovation. The new capital is expected to support the next stage of growth and take the company to profitability.

In addition, to better support growth in market development, sales, brand marketing, customer service, and regulatory compliance, we opened a representative office in Shanghai with cross functional team led by Charles Li; an infant formula industry specialist and Bubs Australia's Chief Operating Officer - China.

In the meantime, financial results for this year reflect continuing significant and essential investment in channel capacity, as we continue the momentum in our domestic

business, consolidate the Nulac Foods acquisition and progress our capabilities with regard to penetrating the Chinese market with the aforementioned merchant agreements. This investment however, unavoidably generated a loss before tax.

Outlook:

Looking ahead, as the business transitions from being largely a marketing enterprise to a full-fledged manufacturing and distribution business, we are also investing in building our organisational capacity – 'bench strength,' and in the coming months will be making several key appointments to the team.

Meanwhile, given the company is still in a development phase, and investing heavily in supply chain scalability and capability, 'yield management,' and managerial strength, as well as pursuing a pipeline of new products, any attempt to provide a forecast could be misleading. We are building a robust platform for the long-term and that requires some patience, but we are confident we are on the right path.

We thank you for your ongoing support.



KRISTY CARR
Chief Executive Officer

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THE BOARD OF DIRECTORS



THE BOARD OF DIRECTORS

The directors present their report together with the consolidated financial statements of Bubs Australia Limited as a consolidated entity consisting of Bubs Australia Limited (the "Company") and the entities it controlled ("the Group") for the financial year ended 30 June 2018 and the auditor's report thereon.

The names of the directors in office at any time during or since the end of the financial year are:



DENNIS LIN

GradDipAppFin, CA, Solicitor of the Supreme Court of Queensland – Chairman and Non-Executive Director (appointed 22 December 2016)

Dennis Lin is a Partner of BDO in Australia and the firm's China Advisory Services national leader. He advises on commercial aspects of transactions and acts as the lead advisor to foreign entrepreneurial investors on merger and acquisition and capital markets activities, with particular interests in food and agribusiness, and technology sectors. His focus is in facilitating the growth of businesses as they become public, particularly in relation to corporate level reporting and governance. Mr Lin was previously a specialist tax practitioner for over 10 years with Mallesons, PricewaterhouseCoopers and Deloitte. He speaks fluent Chinese Mandarin, and is a Chartered Accountant and Solicitor of the Supreme Court of Queensland and remains a current practitioner of both professions. He is a director of BDO (Qld) Pty Ltd.

Mr Lin was appointed as a non-executive director of Buderim Group Limited on 3 November 2017 and a non-executive director of Ecargo Holdings Limited on 9 April 2018.



KRISTY CARR

BBus – Chief Executive Officer and Executive Director (appointed 22 December 2016)

Kristy Carr has an in-depth knowledge of the infant nutrition category and retail sector, with a proven track record of leading and building successful brands and businesses over the past 20 years. Prior to Bubs®, Kristy held international marketing and business development roles based in Hong Kong. It is with this expertise that Kristy founded Bubs® in 2006 and continues to lead a talented team in delivering on her original vision to make Bubs® a successful global brand.

Ms Carr has not held any other Directorships in publicly listed companies in the past three years.



MATTHEW REYNOLDS

B.Sc (Hons), LLB (Hons), MQLS - Non-Executive Director (appointed 22 December 2016)

Matthew Reynolds is a Partner at HWL Ebsworth lawyers who specialises in capital markets (retail and wholesale), debt capital markets (wholesale) and mergers and acquisitions (public and private) including private equity. He holds a Bachelor of Political Science & Economics (Hons) and a Bachelor of Laws (Hons) and is a member of both the Queensland Law Society and Company Law Committee, Queensland Law Society. Mr Reynolds is currently a director on the ASX listed Axcess Today Limited (ASX: AXL), and holds directorships in unlisted companies including local subsidiaries of Thai-listed Minor International PLC, Ignite Energy Limited.

Mr Reynolds was a director in publicly listed G8 Education Limited (ASX: GEM) retiring from the board on the 31st of August 2017.

Other than John Gommans, directors have been in office since the start of the financial year to the date of this report unless otherwise stated.



JOHN GOMMANS

B.Agr Sc - Non-Executive Director (appointed 20 December 2017)

John Gommans comes from a dairy farming family and pioneered the goat milk powder industry in Australia. In 2005, John purchased a dairy production facility and farm in the Gippsland region. This was the genesis of NuLac Foods, which went on to become the largest producer of goat milk products in Australia and has now been acquired by Bubs Australia. John is responsible for the management of the company's milk supply and production facility.

Mr Gommans has not held any other Directorships in publicly listed companies in the past three years.



JAY STEPHENSON

MBA, FCPA, FGIA, MAICD, CPA (Canada), CMA (Canada) – Company Secretary (appointed 1 September 2015)

Jay Stephenson has been involved in business development for over 30 years including approximately 24 years as Director, Chief Financial Officer and Company Secretary for various listed and unlisted entities in resources, IT, manufacturing, food, wine, hotels and property. Mr Stephenson has been involved in business acquisitions, mergers, initial public offerings, capital raisings, business restructuring as well managing all areas of finance for companies.

RECORD OF ATTENDANCE AT THE BOARD MEETINGS

Director attendance at Board meetings during the year is set out below.

	Held	Attended
D Lin (Non-executive Chairman)	10	10
K Newland Carr (Executive Director)	10	10
M Reynolds (Non-executive Director)	10	10
J Gommans (Non-executive Director)	6	6

02

DIRECTORS REPORT



DIRECTORS REPORT

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

On 20 December 2017, Bubs Australia Limited acquired

100%	49.9%	49.9%	49.9%	49.9%
of the issued shares in Nulac Foods Pty Ltd;	of the issued shares in Uphamgo Australia Pty Ltd;	of the issued shares in New Zealand Nutritional Goat Company Limited;	of the issued shares in Cambria Management Company Pty Ltd;	of the issued units in Cambria Unit Trust.

The integration with Nulac Foods Pty Ltd has transformed the Group's business with a material uplift in sales visible across all core product offerings. The acquired business of Nulac Foods Pty Ltd contributed revenues of \$10,065,968 and net loss of \$1,177,159 to the Group for the period from 21 December to 30 June 2018.

REVIEW OF OPERATIONS AND FINANCIAL RESULTS



FINANCIAL PERFORMANCE

The Group achieved net revenue of \$16,906,256 (2017: \$3,932,298) and an loss after income tax \$64,658,942 (2017: \$5,059,242). The operating loss reflects the fact the business is still in the development phase including the high costs of new product development, expenses related to expanding the domestic and China sales channels and investing in systems and processes to integrate the Nulac Foods Pty Ltd.

The overall position includes certain non-recurring expenses. These items are the corporate transaction expenses of \$1,061,847 (2017: \$1,722,893) associated with the acquisition of Nulac Foods Pty Ltd, \$7,502,367 (2017: \$nil) expense relating to the contingent consideration of \$13.4 million payable to the Nulac Foods Vendors for future satisfaction of certain performance targets, recorded in employee costs given one of the KPIs relates to continued employment of Nulac Foods Vendors, \$48,234,760 goodwill impairment (2017: \$nil) relating to Nulac Foods cash generating unit.

As at 31 December 2017, the Group recorded a goodwill amount of \$72,212,166 relating to the acquisition of Nulac Foods Pty Ltd on the acquisition date of 20 December 2017. The significant goodwill balance primarily arose due to 67.5% of the consideration paid being in the form of shares issued in Bubs Australia Limited and the rapid growth in the share price leading up to acquisition date. At 30 June 2018, the Group has performed a calculation of the recoverable amount of the Nulac Foods Cash Generating Unit based on a value in use impairment model. The

difference between the recoverable amount determined by the value in use and the carrying value of assets in the Nulac Foods cash generating unit has resulted in an impairment to goodwill of \$48,234,760. This impairment had no impact on the cash or operational aspects of the Group.



REVENUE AND PROFITABILITY

At an operating level, net sales increased 330% compared to FY17. Domestic gross sales increased 335% compared to FY17 with a 507% increase during the third and fourth quarters compared to the same periods in the previous year.

Domestic sales account for 84% of gross revenue, with 14% of revenue generated from China cross border e-commerce sales, and the remaining 2% from other emerging international markets. China gross sales increased 307% on FY17 with a 644% increase during the fourth quarter compared to the same period in the previous year. This represents the strong traction the Bubs product range is now gaining in the Chinese market following the deployment of marketing resources and sales channel contract wins with New Times Asia.

Gross margin has been adversely affected in FY18 compared to FY17 due to the change in product mix with the acquisition of Nulac Foods. However, the positive blended margin combined with the strong linear growth in sales is beginning to erode the high operating and administrative costs indicative of a business in the growth phase. As sales continue to grow with strong gross margin and the number of one-off costs (capital raising costs, as well as costs associated with acquisition and integration of systems and processes) decrease, the Group forecasts a significant improved profit or loss position in FY19.



FINANCIAL POSITION

The Group currently hold \$38,642,902 in cash at 30 June 2018 (2017: \$5,306,746). The cash available has significantly increased due to the successful capital raising during the year. The external debt at 30 June 2018 is \$2,000,000 (2017: Nil) which was inherited from the acquisition of Nulac Foods Pty Ltd. The directors are confident of the Group's ability to continue as a going concern and meet its debts and future commitments as and when they fall due and payable.

PRINCIPAL ACTIVITIES

The Group offers a great range of organic baby food and goat milk infant formula products. Since the acquisition of Nulac Foods Pty Ltd, the range of products have been expanded to the goat milk and fresh dairy products.

LIKELY DEVELOPMENTS

The Group expects to experience continued strong growth in the key domestic retail space and China e-commerce platforms. Net revenue is expected to increase at least 100% due to the \$17,000,000 sales contract for FY19 with New Times Asia. The strong sales will be driven by strategic investment in marketing activities to establish brand awareness and continued expansion of the Group's distribution channels.

Operationally, the partnership with Australia Deloraine Dairy Pty Ltd enables the Group to have the capacity to support the strong domestic and China demand of baby infant formula. With investments in whey capture and processing this will further enhance the vertical integration and security of the Group's supply chain.

ENVIRONMENTAL REGULATIONS

The Group is not aware of any matter which requires disclosure with respect to any significant environmental regulation in respect of its operating activities.

CORPORATE GOVERNANCE

The Group's corporate governance statement sets out the key features of the Group's governance framework and practices. The Group has adopted corporate governance policies and practices which are designed to support and promote the responsible management and conduct of the Group. The Group's corporate governance statement can be found at <https://www.asx.com.au/asxpdf/20180606/pdf/43vldgzjlb5bg7.pdf>.

EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

On 4 September 2018, Kristy Carr, the company Founder and Managing Director stepped into the role of the Chief Executive Officer. Nicholas Simms employment with the company was terminated on 20 September 2018.

On 20 December 2016, Nicholas Simms was granted a total of 3,578,108 options. These options were granted prior to Nicholas Simms being appointed as CEO, as part of his compensation as a commercial director of the company. These options were issued as an incentive for Nicholas Simms to join the company and accordingly were not linked to any performance-based milestones. There were no performance or service conditions required to exercise the options, and the options were not dependent on the ongoing employment of Nicholas Simms by the Company. The 3,578,108 options vested in FY2017 and were exercised post 30 June 2018.

Other than the events noted above, no item, transaction or event of a material or unusual nature has arisen in the interval between the end of the financial year and the date of this report, in the opinion of the directors of the Group, that would significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

DIVIDENDS

No dividends have been paid or declared since the start of the financial year (2017: Nil).

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS AND AUDITORS

The Group has paid insurance premiums in respect of Directors' and Officers' liability insurance for current and past directors and officers. Insurance does not indemnify the Directors and Offices where there is conduct involving lack of good faith.

During the financial year, the Group paid a premium in respect of a contract insuring the Directors' and Officers' against a liability incurred as such a Director or executive officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium. To the extent permitted by law, Bubs has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit.

The Group has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Group against a liability incurred as such an officer or auditor.

PROCEEDINGS ON BEHALF OF THE GROUP

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

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

ROUNDING

The financial report is presented in Australian dollars and all values are rounded to the nearest dollar unless otherwise stated under the option available to the Group under ASIC Corporations Instrument 2016/191.

GENDER DIVERSITY

The Group has a strong commitment to diversity and recognises the value of attracting and retaining employees with different backgrounds, gender, culture, knowledge, experience and abilities. Diversity contributes to the Group's business success and benefits individuals, clients, teams, shareholders and stakeholders. The Group's business policies, practices and behaviours promote diversity and equal opportunity and creates an environment where individual differences are valued and all employees have the opportunity to realise their potential and contribute to the Group's success.

	As at 30 June 2018				As at 30 June 2017			
	Male	Percentage Male (%)	Female	Percentage Female (%)	Male	Percentage Male (%)	Female	Percentage Female (%)
Board	3	75%	1	25%	2	67%	1	33%
Senior management	3	75%	1	25%	2	100%	-	-
Employees	7	58%	5	42%	2	40%	3	60%
Total	13	65%	7	35%	6	60%	4	40%

UNISSUED SHARES UNDER OPTIONS

At the date of this report, unissued shares of the Group under option are:

Expiry Date	Exercise Price	Number of Shares
20 December 2019	0.10	5,839,242
19 January 2021	0.10	8,348,918

All unissued shares are ordinary shares of the Group. 4,770,810 options issued to the CEO were forfeited and 4,770,810 options were granted to the Managing Director.

3,578,108 shares have been issued subsequent to year-end on exercise of options.

NON-AUDIT SERVICES

The Group may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Group are important. During the year ended 30 June 2018, the Group's auditor, Ernst & Young was engaged to perform an agreed upon procedure on the existence and valuation of inventories of Nulac Foods Pty Ltd at 20 December 2017. No other non-audit services were provided by Ernst & Young during the year ended 30 June 2018.

The Board has considered the non-audit services provided during the year by the auditor and is satisfied that the provision of those non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- + all non-audit services were subject to the corporate governance procedures adopted by the Group and have been reviewed by the Board to ensure they do not impact the integrity and objectivity of the auditor; and
- + the non-audit services provided do not undermine the general principles relating to auditor independence as set out in *APES 110 Code of Ethics for Professional Accountants*, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Group, acting as an advocate for the Group or jointly sharing risks and rewards.

Details of amounts paid or payable to the auditor for non-audit services provided during the year are outlined in Note G3 to the financial statements.

A copy of the auditor's independence declaration as required under Section 307C of the *Corporations Act 2001* is attached to this financial report.

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REMUNERATION REPORT (AUDITED)



REMUNERATION REPORT (AUDITED)

KEY MANAGEMENT PERSONNEL

The term key management personnel (KMP) refers to those persons having the authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly and includes any director of the Group.

In addition to the Board of Directors, the KMP of the Group for the year ended 30 June 2018 were the following senior executives:

- + Nicholas Simms (Chief Executive Officer)
- + Kristy-Lee Newland Carr (Managing Director)
- + Anthony Gualdi (Operations Director)

REMUNERATION STRUCTURE

The Board seeks to set aggregate compensation at a level that provides the Group with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders. The amount of aggregate compensation sought to be approved by shareholders and the manner in which it is apportioned amongst the directors is reviewed annually. The overall level of executive reward takes into account the performance of the Group over a number of years.



FIXED REMUNERATION

Employee's fixed remuneration is based on a matrix of an individual's skills and experience, their individual performance and their current level of remuneration relative to the market. Fixed remuneration is reviewed on an annual basis, and where appropriate, is adjusted based on consideration of individual performance and market remuneration movement. The overall level of key management personnel reward takes into account the performance of the Group over a number of years. This ensures that the Group attracts, motivates, and retains top talent executives to ensure they can deliver on the Group's business strategy and contribute to the Group's ongoing financial performance.

Total fixed remuneration (TFR) comprises of base salary, superannuation in accordance with the statutory rates and allowances. The Board reviews and approves all changes to fixed remuneration.



VARIABLE REMUNERATION

The Long-Term Incentive (LTI) programs provide the potential for executives to receive payment over and above fixed remuneration. These programs are discretionary, appropriate to the results delivered by the Group, and based on the principle of reward for performance.

The purpose of the LTI is to focus the executives' efforts on the achievement of sustainable long-term shareholder value creation and the long-term financial success of the Group.

The provision of LTI plan awards via options for ordinary shares encourages long-term share exposure for the executives and, therefore, drives behaviours that align with the interests of our shareholders.

The Board believes a three-year performance period provides a reasonable period to align reward with shareholder return and also acts as a vehicle to help retain the KMP, align the business planning cycle, and provide sufficient time for the longer-term performance to be achieved.

TOTAL FIXED REMUNERATION ("TFR")

The Board seeks to set aggregate compensation at a level that provides the Group with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders. The amount of aggregate compensation sought to be approved by shareholders and the manner in which it is apportioned amongst the directors is reviewed annually. The overall level of executive reward takes into account the performance of the Group over a number of years.

KMP EXECUTIVES

During the year, the KMP executives of TFR were as follows:

Title	Name	Base Salary	Allowance
Chief executive officer	Nicholas Simms	\$245,833*	Nil
Managing Director	Kristy Carr	\$245,833*	\$6,000
Operation Director	Anthony Gualdi	\$200,000	\$6,000

*As a result of the Group's performance review, base salary increased from \$200,000 to \$250,000 per annum effective from 1 August 2017.

GROUP'S FINANCIAL PERFORMANCE

The following table provides details of the relationship between KMP's TFR and the Group's overall financial performance:

	2018	2017	2016	2015	2014
Net Revenue	16,906,256	3,932,298	3,659,328	1,818,770	1,134,091
EBIT	-66,025,718	-5,078,230	-1,308,057	-248,391	-1,424,446
Share price at year end	0.78	0.25	-	-	-
Basic loss per share	0.20	0.02	-	-	-
Total dividend (cents per share)	-	-	-	-	-

LONG-TERM INCENTIVE PLANS

Each option granted represents a right to receive one fully paid share in the Group once the option vests and is exercised. The number of options and the vesting conditions issued under the LTI Plan are determined by and at the sole discretion of the Board.

CEO'S FY18 GRANT OF OPTIONS

The FY2018 LTI plan awards were divided in 3 tranches and vest subject to the gross revenue or EBIT performance hurdle calculation over a three-year performance period and continuing employment:

- + Tranche 1 (3,578,108 options) will vest on the achievement of \$15,000,000 in gross sales or achievement of \$500,000 in EBIT.
- + Tranche 2 (2,385,405 options) will vest on the achievement of \$30,000,000 in gross sales and \$2,000,000 in EBIT
- + Tranche 3 (2,385,405 options) will vest on the achievement of \$50,000,000 in gross sales and \$4,000,000 in EBIT.

Options in respect of tranche 1 do not have an explicit service condition and Tranches 2 and 3 have a three-month explicit service condition.

The gross revenue or EBIT performance hurdle was chosen as being a performance measure appropriate to current circumstances of the Group, with progress easily tracked against agreed performance targets, encouraging CEO engagement and aligning with shareholder objectives.

In FY2018, the CEO Nicholas Simms was granted a total of 8,348,918 options (granted on 14 December 2017) with the value of \$0.71 for each option and an exercise price of \$0.10. 3,578,108 options relating to tranche 1 vested in FY2018 and no options were exercised in FY2018.

As a result of appointing Kristy Carr to the position of CEO, tranche 2 and tranche 3 options were offered to and accepted by Kristy Carr on 29th June 2018. The vesting conditions for tranche 2 and tranche 3 options issued to Nicholas Simms will not be met. As a result, these options were considered forfeited.

FY17 GRANT OF OPTIONS

On 20 December 2016, Nicholas Simms was granted a total of 3,578,108 options with the value of \$0.06 for each option and an exercise price of \$0.10. These options were granted prior to Nicholas Simms being appointed as CEO, as part of his compensation as a commercial director of the Group. These options were issued as an incentive for Nicholas Simms to join the Group and accordingly were not linked to any performance-based milestones. There were no performance or service conditions required to exercise the options, and the options were not dependent on the ongoing employment of Nicholas Simms by the Group. The 3,578,108 options vested in FY2017 and were exercised post 30 June 2018.

EXECUTIVE CONTRACTS

The remuneration and other terms of employment for KMP executives are covered in formal employment contracts. The Group may terminate an executive immediately for cause, in which case the executive is not entitled to any payment other than the value of total fixed remuneration (and accrued entitlements) up to the termination date.

KMP executive	Notice period by the Group	Notice period by Executive	Payment in lieu of notice
Nicholas Simms (CEO)	3 months	3 months	Yes
Kristy Carr (Managing Director)	3 months	3 months	Yes
Anthony Gualdi (Operation Director)	3 months	3 months	Yes

NON-EXECUTIVE DIRECTORS' REMUNERATION

The Group's remuneration policy for non-executive directors aims to ensure that the Group can attract and retain suitably qualified and experienced directors having regard to:

- + the level of fees paid to non-executive directors of other comparable Australian listed companies;
- + the growing size and complexity of the Group's operations;
- + the responsibilities and work requirements of Board members; and
- + the skills and diversity of Board members.

Under the ASX Listing Rules, the total amount paid to all non-executive directors in any financial year must not exceed the amount fixed in a general meeting of the Group. This amount is currently \$300,000 as determined by Shareholders at the AGM held on 18 November 2009. The Board's present policy is that all non-executive directors be paid \$30,000, per annum, inclusive of superannuation in accordance with statutory rates as remuneration for their services as directors.

For FY18, non-executive directors' remuneration was as follows:

Title	Name	Remuneration
Non-Executive Chairman	Dennis Lin	\$30,000
Non-Executive Director	Matthew Reynolds	\$30,000
Non-Executive Director	Johannes Gommans	\$17,415

Directors are also reimbursed for travel and other expenses incurred in attending to Board meetings and the Group's affairs.

COMPANY SECRETARY



Jay Stephenson is contracted on a monthly basis as Company Secretary at a rate of \$30,000 per annum.

OTHER RELATED PARTY TRANSACTIONS WITH KMP

Dennis Lin, a Non-Executive Director is a partner in an accounting firm. The Group contracted professional service from the accounting firm to the amount of \$461,256 in FY2018 (2017: \$25,997), with an outstanding balance at 30 June 2018 of \$53,480 (2017: \$22,050).

In FY17, Anthony Gualdi, an Operations Director, leased a premise in Narrabeen to the Group. An expense of \$19,934 was incurred with no outstanding balance at 30 June 2017. No such expense was incurred in FY18.

Johannes Gommans, a Non-Executive Director is a director in Cibus Goats (Australia) Pty Ltd, Uphamgo Australia Pty Ltd and New Zealand Nutritional Goat Company Limited. The related party transactions are set out below:

		Purchases from related parties \$	Amounts owed to related parties \$	Loan to related parties \$	Amounts owed by related parties \$
Purchase from Cibus Goats (Australia) Pty Ltd	2018	2,894,258	629,748	-	-
	2017	-	-	-	-
Purchase from New Zealand Nutritional Company	2018	1,575,013	441,999	-	-
	2017	-	-	-	-
Purchase from UphamGo Australia Pty Ltd	2018	4,771,541	1,337,677	-	-
	2017	-	-	-	-
Loan to Uphamgo Australia Pty Ltd	2018	-	-	600,000	600,000
	2017	-	-	-	-

Apart from the details disclosed above, no director or any other related party has entered into any other material contracts with the Group since the end of the previous financial year. All of the above transactions were considered to be on an arms' length basis.

DETAILS OF THE NATURE AND AMOUNT OF EACH ELEMENT OF THE REMUNERATION

Table A(1): Remuneration for KMP for the year ended 30 June 2018

		Short Term			Post-Employment	Other Long Term	Share based payments - options \$	Total \$	Performance related %
		Salary & fees \$	Annual leave \$	Non-monetary \$	Superannuation \$	Long service leave \$			
K N Carr	2018	225,833	5,385	6,000	21,454	19,549	2,092	280,313	1%
	2017	200,000	1,650	6,000	19,000	3,700	-	230,350	-
N Simms	2018	228,525	5,385	-	21,710	2,295	2,542,604	2,800,519	90%
	2017	150,000	8,391	-	14,250	-	213,330	385,971	0%
A Gualdi	2018	181,154	6,154	6,000	17,210	7,793	-	218,311	-
	2017	200,000	2,489	6,000	19,000	3,700	-	231,189	-
J R Stephenson (3)	2018	-	-	-	-	-	-	-	-
	2017	15,000	-	-	-	-	-	15,000	-
Total	2018	635,512	16,924	12,000	60,374	29,637	2,544,696	3,299,143	-
	2017	565,000	12,530	12,000	52,250	7,400	213,330	862,510	-

(1) Non-monetary benefits include motor vehicle and travel allowances.

(2) Total remuneration disclosed in FY17 annual report was \$868,323. The difference is due to the insurance premiums of \$5,813 not disclosed in the table above.

(3) J R Stephenson is not a KMP in FY18.

Table A(2): Remuneration for Non-executive Directors for the year ended 30 June 2018

		Short Term		Post-Employment	Other Long Term	Total \$	Performance related %
		Salary & fees \$	Non-monetary \$	Superannuation \$	Long service leave \$		
D Lin(1)	2018	30,000	-	-	-	30,000	-
	2017	13,699	-	1,301	-	15,000	-
M Reynolds	2018	27,397	-	2,603	-	30,000	-
	2017	13,699	-	1,301	-	15,000	-
J Gommans(2)	2018	15,904	-	1,511	-	17,415	-
	2017	-	-	-	-	-	-
Total	2018	73,301	-	4,114	-	77,415	
	2017	27,398	-	2,602	-	30,000(3)	

(1) Non-executive director fee was payable to BDO Australia Ltd.

(2) J. Gommans services was paid by Uphamgo Australia Pty Ltd in FY18 (2017: Nil).

(3) Total remuneration disclosed in FY17 annual report was \$41,626. The difference is due to the insurance premiums of \$11,626 not disclosed in the table above.

FULLY PAID ORDINARY SHARES OF BUBS AUSTRALIA LIMITED

Table B: Movement in the shares of Bubs held, directly, indirectly or beneficially, by each KMP, including their related parties.

		At the beginning of the year	Purchase of shares	Other change(3)	Shares disposed	At the end of the year
K N Carr(1)	2018	20,761,600	-	-	-	20,761,600
	2017	-	500,000	20,261,600	-	20,761,600
A Gualdi(2)	2018	21,011,600	-	-	3,335,000	17,676,600
	2017	-	750,000	20,261,600	-	21,011,600
N Simms	2018	-	-	-	-	-
	2017	-	-	-	-	-
D Lin	2018	-	-	-	-	-
	2017	-	-	-	-	-
M Reynolds	2018	-	-	-	-	-
	2017	-	-	-	-	-
J Gommans(4)	2018	-	-	19,200,671	-	19,200,671
	2017	-	-	-	-	-

[1] Shares are held under Carr Family Pty Limited

[2] Shares are held under Infant Food Business Pty Limited

[3] FY18 Other change relates to shares in Bubs Australia Limited received by as part of the acquisition of Nulac Foods Pty Ltd on 20 December 2017.

FY17 Other change relates to shares in Bubs Australia Limited received by as part of the reverse acquisition of The Infant Food Holding Co Pty Ltd.

[4] In addition to 19,200,671 shares held by J Gommans, J Gommans close family member holds 19,200,671 shares as part of the acquisition of Nulac Foods Pty Ltd on 20 December 2017.

SHARE BASED PAYMENTS

Table C: Share-based payments granted as remuneration to KMP

	Grant date	Number of options granted	Fair Value of options granted \$	Exercise price per option \$	Expiry date	Number vested	Number exercised	Number forfeited
Nicholas Simms	2018 14/12/2017	8,348,918	\$0.7106	\$0.10	19/01/2021	3,578,108	-	4,770,810(1)
	2017 20/12/2016	3,578,108	\$0.06	\$0.10	20/12/2019	3,578,108(2)	-	-
Kristy Carr	2018 29/06/2018	4,770,810(1)	\$0.6836	\$0.10	19/01/2021	-	-	-
	2017 -	-	-	-	-	-	-	-

(1) As a result of appointing Kristy Carr to the position of CEO, tranche 2 and tranche 3 options were offered to and accepted by Kristy Carr. The vesting conditions for tranche 2 and tranche 3 options issued to Nicholas Simms will not be met. These options were considered forfeited.

(2) 3,578,108 options were exercised post 30 June 2018.

END OF REMUNERATION REPORT (AUDITED)

This directors' report is signed in accordance with a resolution of the board of directors:



Dated: 28 September 2018

DENNIS LIN
Chairman



04

INDEPENDENT AUDITOR'S REPORT





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Independent Auditor's Report to the Members of Bubs Australia Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Bubs Australia Limited (the Company) and the entities it controlled (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of profit and loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated financial position of the Group as at 30 June 2018 and of its consolidated financial performance for the year ended on that date; and
- b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

1. Acquisition of NuLac Foods Pty Ltd ('NuLac')

Why significant

On 20 December 2017, the Company acquired 100% of NuLac Foods Pty Ltd ("NuLac"), as well as 49.9% of UphamGo Australia Pty Ltd, New Zealand Nutritional Goat Company Limited, Cambria Management Company Pty Ltd and Cambria Unit trust for a total consideration of \$80,761,287. The 49.9% owned entities are accounted for as joint ventures and equity accounted.

In undertaking the acquisition accounting and determining the fair value of the purchase consideration transferred and the fair value of NuLac assets acquired and liabilities assumed, the Group was required to exercise judgement.

The acquisition resulted in the recognition of goodwill of \$72,212,166 and other intangible assets of \$8,000,000, comprised of brands names and customer lists.

The acquisition accounting was finalised in the 30 June 2018 financial report. Key judgements are included in note E1.

How our audit addressed the key audit matter

Our audit procedures included the following:

- ▶ Assessed the assets acquired and liabilities assumed of NuLac at the date of acquisition.
- ▶ Read and understood the terms of the Sale and Purchase Agreement and other related agreements. We determined whether purchase consideration was measured in accordance with Australian Accounting Standards.
- ▶ Assessed the competence, capabilities and objectivity of the Group's experts used to perform the purchase price allocation and determine the fair value of assets acquired and liabilities assumed.
- ▶ Involved our valuation specialists to evaluate the assumptions used by the Group and the expert in determining the fair value of the intangible assets recognised on acquisition.
- ▶ Evaluated the Group's assessment that the entities and trust, where the Company acquired a 49.9% ownership interest were, accounted for as joint ventures and equity accounted.
- ▶ Assessed the adequacy of disclosures included in the financial report to determine whether these were in accordance with the requirements of Australian Accounting Standards.

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2. Impairment testing of indefinite lived intangible assets

Why significant	How our audit addressed the key audit matter
<p>The Group annually tests the carrying value of goodwill and other intangible assets with an indefinite life for impairment. In addition, an impairment assessment is performed where there is an impairment indicator present.</p> <p>An impairment charge of \$48,234,760 was recognised relating to the NuLac cash generating unit ('CGU'). As at 30 June 2018 the remaining goodwill and brand name balances for the Group were \$24,551,477 and \$5,091,634 respectively.</p> <p>The impairment assessment is complex and judgemental, as it includes modelling a range of assumptions and estimates that are affected by expected future performance and market conditions such as cash flow forecasts, growth rates, discount rates and terminal value assumptions. Accordingly, the Group's impairment assessment was considered to be a key audit matter.</p> <p>The recoverable amount of the intangible assets have been determined based on a Value in Use ("VIU") methodology.</p> <p>Key judgements and estimates used in the Group's assessment of impairment of intangible assets are disclosed in note C4 of the financial report.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> ▶ Assessed whether the methodology used by the Group to test for impairment was consistent with the requirements of Australian Accounting Standards. ▶ Tested whether the models used were mathematically accurate. ▶ Evaluated the cash flows forecasts that had been approved by the Board. ▶ Involved our valuation specialists to evaluate the key assumptions applied in the impairment models. These included the discount rates and terminal value assumptions. ▶ Considered the impact of a range of sensitivities to key assumptions in the impairment models to ascertain the extent of change in those assumptions that would either individually or collectively result in an impairment charge, or a further impairment charge in respect of the NuLac CGU. ▶ Assessed the sensitivity analysis performed by the Group. ▶ Assessed the disclosures included in the financial report.

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3. Share based payments

Why significant	How our audit addressed the key audit matter
<p>In the 2018 financial year, the Group awarded 8,348,918 options to the Chief Executive Officer. The awards vest subject to the achievement of various vesting conditions, as detailed in Note G2 of the financial report. In the current year, 3,578,108 of these options vested.</p> <p>In addition, in June 2018, 4,770,810 options were granted to the Managing Director.</p> <p>Due to the judgement involved in determining the valuation of the awards, we considered the Group's calculation of the share based payment expense to be a key audit matter. The Group used Black Scholes models to value the share options.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> ▶ Assessed the Group's methodology to value the share options issued during the year. We assessed that the calculation had been performed in accordance with Australian Accounting Standards. ▶ Evaluated the Group's assessment of the probability of the vesting conditions being achieved. ▶ Involved our valuation specialists to assess the assumptions used in the Group's valuation of the share options, in particular the share price of the underlying equity, volatility, risk free interest rate, dividend yield and grant date. ▶ Assessed the adequacy of the disclosures included in the financial report.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2018 Annual Report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not and will not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

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 this 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 Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating 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 Responsibilities 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 the 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 the Australian Auditing Standards, we exercise professional judgment 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 directors' 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.

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- 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.
- 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, among 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 to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the 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 Audit of the Remuneration Report

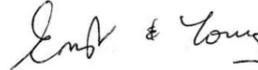
Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 24 to 32 of the directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of the Group for the year ended 30 June 2018, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 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.


Ernst & Young


Daniel Cunningham
Partner
Sydney
28 September 2018

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05

LEAD AUDITOR'S INDEPENDENCE DECLARATION





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Auditor's Independence Declaration to the Directors of Bubs Australia Limited

As lead auditor for the audit of Bubs Australia Limited for the financial year ended 30 June 2018, I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Bubs Australia Limited and the entities it controlled during the financial year.

Ernst & Young

Daniel Cunningham
Partner
28 September 2018

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06

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER **COMPREHENSIVE INCOME**



CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

	Note	2018 \$	2017 \$
Revenue	B1	16,906,256	3,932,298
Cost of sales	B2	(15,232,562)	(3,075,900)
Other Income	B1	61,410	12,957
Share of net profits of joint ventures accounted for using the equity method	E2	132,437	-
Distribution and selling costs		(859,956)	(272,106)
Employee costs	B2	(12,527,112)	(1,815,935)
Marketing and promotion costs		(855,004)	(811,361)
Occupancy costs		(373,458)	(135,607)
Administrative and other costs	B2	(3,981,122)	(1,189,683)
Goodwill impairment	C4	(48,234,760)	-
Other expenses	B2	(1,061,847)	(1,722,893)
Interest income		59,955	12,957
Finance cost	B2	(255,422)	(12,777)
Loss before tax		(66,221,185)	(5,078,050)
Income tax benefit	B4	1,562,243	18,808
Loss for the year		(64,658,942)	(5,059,242)
Other comprehensive income		-	-
Total comprehensive loss for the year		(64,658,942)	(5,059,242)
Loss per share			
Basic (loss) per share (dollars)	B3	(0.20)	(0.02)
Diluted (loss) per share (dollars)	B3	(0.20)	(0.02)

The accompanying notes form part of these financial statements.

07

CONSOLIDATED STATEMENT OF **FINANCIAL POSITION**



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	2018 \$	2017 \$
Assets			
Current Assets			
Cash and cash equivalents	D4	38,642,902	5,306,746
Trade and other receivables	C1	4,012,822	924,106
Other assets	C3	4,887,537	444,517
Inventories	C2	6,018,518	984,968
Total Current Assets		53,561,779	7,660,337
Non-Current Assets			
Plant and equipment		47,305	66,026
Intangible assets	C4	32,991,646	1,275,447
Investment in joint ventures	E2	2,368,351	-
Total Non-Current Assets		35,407,302	1,341,473
Total Assets		88,969,081	9,001,810
Liabilities			
Current Liabilities			
Trade and other payables	C5	5,304,475	1,100,168
Borrowings	C6	2,000,000	-
Provisions	C7	151,694	177,830
Contingent payables	E1	3,350,000	-
Consideration payable	E1	1,488,327	-
Total Current Liabilities		12,294,496	1,277,998
Non-Current Liabilities			
Provisions	C7	5,654	-
Contingent payables	E1	4,152,367	-
Deferred tax liabilities	B4	-	199,338
Total Non-Current Liabilities		4,158,021	199,338
Total Liabilities		16,452,517	1,477,336
Net Assets		72,516,564	7,524,474
Equity			
Issued capital	D6	142,189,264	15,082,928
Options Reserve	D7	3,106,465	561,769
Accumulated losses		(72,779,165)	(8,120,223)
Total Equity		72,516,564	7,524,474

The accompanying notes form part of these financial statements.

08

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

2018		Issued Capital \$	Option Reserve \$	Retained Earnings \$	Total equity \$
Balance at 1 July 2017		15,082,928	561,769	(8,120,223)	7,524,474
Comprehensive income					
Loss for the year		-	-	(64,658,942)	(64,658,942)
Other comprehensive income		-	-	-	-
Total comprehensive income		-	-	(64,658,942)	(64,658,942)
Transactions with owners in their capacity as owners:					
Shares issued at acquisition	D6	54,529,906	-	-	54,529,906
Issue of shares	D6	74,784,419	-	-	74,784,419
Exercise of options	D6	500			500
Capital raising costs, net of tax	D6	(2,208,489)	-	-	(2,208,489)
Issue of options		-	2,544,696	-	2,544,696
Balance at 30 June 2018		142,189,264	3,106,465	(72,779,165)	72,516,564

The accompanying notes form part of these financial statements.

2017		Issued Capital \$	Option Reserve \$	Retained Earnings \$	Total equity \$
Balance at 1 July 2016		8,400,000	-	(3,060,981)	5,339,019
Comprehensive income					
Loss for the year		-	-	(5,059,242)	(5,059,242)
Other comprehensive income		-	-	-	-
Total comprehensive income		-	-	(5,059,242)	(5,059,242)
Transactions with owners in their capacity as owners:					
Issue of shares		6,832,863	-	-	6,832,863
Capital raising costs		(149,935)	-	-	(149,935)
Issue of options		-	561,769	-	561,769
Balance at 30 June 2017		15,082,928	561,769	(8,120,223)	7,524,474

The accompanying notes form part of these financial statements.

09

CONSOLIDATED STATEMENT OF CASH FLOWS



CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	2018 \$	2017 \$
Cash flows from operating activities			
Receipts from customers		17,528,164	3,924,057
Payments to suppliers and employees		(30,271,765)	(6,020,531)
Interest received		59,955	3,410
Interest paid		(90,906)	(3,230)
Net cash used in operating activities	D5	(12,774,552)	(2,096,294)
Cash flows from investing activities			
Purchases of property, plant and equipment		(29,025)	(54,813)
Proceeds from disposal of property, plant and equipment		-	27,988
Purchase of intangible assets		-	(990)
Payments for subsidiaries net of cash required		(22,763,687)	-
Payments for interests in joint ventures		(2,235,914)	-
Cash acquired from acquisitions		-	5,510,699
Loan to a related party		(600,000)	-
Net cash used in investing activities		(25,628,626)	5,482,884
Cash flows from financing activities			
Proceeds from share issue		74,784,419	28,000
Capital raising costs		(3,045,085)	(149,935)
Proceeds / (repayment) of borrowings		-	(39,515)
Net cash from financing activities		71,739,334	(161,450)
Net increase in cash and cash equivalents		33,336,156	3,225,140
Cash and cash equivalents at the beginning of the financial year		5,306,746	2,081,606
Cash and cash equivalents at the end of the financial year		38,642,902	5,306,746

The accompanying notes form part of these financial statements.

10

NOTES TO THE FINANCIAL STATEMENTS



NOTES TO THE FINANCIAL STATEMENTS

A. BASIS OF PREPARATION



CORPORATE INFORMATION

The financial statements covers Bubs Australia Limited as a consolidated entity consisting of Bubs Australia Limited and the entities it controlled ("the Group") for the year ended 30 June 2018. The financial report is presented in Australian dollars, which is Bubs Australia Limited's functional and presentational currency.

The Group is a for-profit entity that is a listed public company limited by shares, incorporated and domiciled in Australia. A description of the nature

of the Group's operations and its principal activities is included in the directors' report, which is not part of the financial report.

The annual report was authorised for issue, in accordance with a resolution of directors, on 28 September 2018. The directors have the power to amend and reissue the financial report.



BASIS OF PREPARATION

The financial report is a general purpose financial report, which has been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

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

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

The financial report is presented in Australian dollars and all values are rounded to the nearest dollar unless otherwise stated under the option available to the Group under ASIC Corporations Instrument 2016/191.



SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the financial statements requires management to make judgements, estimates and assumptions. The most significant use of judgements and estimates has been applied to the following areas. Refer to the respective notes for additional details.

	Reference
Valuation of inventory	Note C2
Recoverability of intangibles	Note C4
Recognition of deferred tax assets	Note B4
Employee benefits valuation	Note D3
Share based payments	Note G2
Contingent payable	Note D3

B. GROUP PERFORMANCE

This section explains the results and performance of the Group for the year, including segment information, earnings per share and taxation.

The Group's key performance measures are segment revenue and segment results before interest, tax, depreciation and amortisation.

B.1 OPERATING SEGMENTS

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

In 2017 and 2018, the Group had identified a single operating segment being the sale of nutritional food, fresh products and powder. Accordingly, the financial information presented in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of financial position was the same as that presented to the chief operating decision maker.

GEOGRAPHIC INFORMATION

Net revenue (by region)	2018 \$	2017 \$
Australia	14,077,135	3,034,967
China	2,552,797	582,722
Other International	276,324	314,609
Total	16,906,256	3,932,298

The revenue information above is based on the locations of the customers.

The Group had one external customer who generated greater than 10 percent of the Group's revenues. For the year ended 30 June 2018, the revenue for the customer amounted to \$3,898,576 (2017, \$2,090,515).

RECOGNITION AND MEASUREMENT

Revenue is recognised and measured at the fair value of the consideration received or receivable.

Sale of goods revenue is recognised at the point of sale, which is where the risks and rewards are transferred to the customer, recovery of the consideration is probable and there is no continuing management involvement with the goods. For majority of the revenue, it is recognised where the customer has taken delivery of the goods. For the remaining revenue, the risk and rewards are transferred at a different point in time. Revenue is recognised net of trade discounts and volume rebates.

B.2 EXPENSES

	2018 \$	2017 \$
Cost of sales		
Production costs	14,621,935	3,071,505
Net realisable value adjustments	351,825	-
Inventories written off	258,802	4,395
Total	15,232,562	3,075,900
Included in administrative and other expenses are the following:		
Listing and registry fees	286,609	157,120
Accountancy and taxation fees	286,590	132,133
Insurance	231,158	37,567
Travel costs	510,283	150,040
Consultancy fee	506,293	56,405
Bad and doubtful debts	12,135	2,534
Depreciation and amortisation	309,007	116,534
Total	2,142,075	652,333
Employee costs		
Wages and salaries	2,365,386	1,165,179
Superannuation	114,663	88,987
Share based payments	2,544,696	561,769
Contingent consideration payable	7,502,367	-
Total	12,527,112	1,815,935
Other expenses		
Corporate transaction accounting expense	1,061,847	1,722,893
Total	1,061,847	1,722,893
Finance costs		
Interest expense	90,975	12,777
Unwinding of consideration payable	164,447	-
Total	255,422	12,777

B.3

LOSS PER SHARE (LPS)

	2018	2017
Loss attributable to the Group used in calculating basic and diluted EPS	(64,658,942)	(5,059,242)
Weighted average number of ordinary shares for basic EPS	325,899,681	203,025,125
Basic LPS (dollars)	(0.20)	(0.02)
Diluted LPS (dollars)*	(0.20)	(0.02)

* The Group has granted 17,766,268 options to employees that could potentially dilute basic earnings per share in the future, but were not included in the calculation above because they are anti-dilutive for the period(s) presented.

Subsequent to year end, 3,578,108 options were exercised. There is no effect on the Basic LPS calculation.

RECOGNITION AND MEASUREMENT

Basic EPS is calculated as net loss attributable to the group divided by the weighted average number of ordinary shares outstanding during the financial year.

Diluted EPS adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

B.4

INCOME TAXES

	2018 \$	2017 \$
Consolidated profit or loss		
Income tax benefit		
Current tax	-	-
Deferred tax	1,562,243	18,808
Income tax benefit reported in the statement of profit or loss and other comprehensive income	1,562,243	18,808
Numerical reconciliation of income tax benefit and tax at the statutory rate		
Accounting Loss before income tax benefit	(66,221,185)	(5,078,050)
Income tax benefit calculated at 27.5% (2017: 27.5%)	(18,210,826)	(1,396,464)
Tax effect of amounts not taxable in calculating income tax benefit:		
Prior year adjustment	(132,456)	-
Share profit of joint ventures	(36,390)	-
Goodwill impairment	13,264,559	-
Share based payments	699,791	154,486
Non-deductible acquisition cost	292,008	473,796
Contingent payable	2,069,879	-
Consideration payable fair value movement	45,223	-
Income tax losses not recognised	431,576	654,641
Other	14,393	94,733
Income tax benefits	(1,562,243)	(18,808)

Movement in temporary differences	DTL		DTA			Total
	Provisions	Intangible assets	Capital raising costs	Other	Tax losses*	
At 30 June 2016	-	(218,146)	-	-	-	(218,146)
Deferred income tax (expense) / benefit	-	18,808	-	-	-	18,808
At 30 June 2017	-	(199,338)	-	-	-	(199,338)
Deferred income tax (expense) / benefit	-	78,135	-	57,448	1,426,660	1,562,243
Acquired through business combination	-	(2,200,000)	-	-	-	(2,200,000)
Allowable tax deduction recognised in owner equity	-	-	837,095	-	-	851,231
At 30 June 2018	-	(2,321,203)	837,095	57,448	1,426,660	-

*As at 30 June 2018, deferred tax assets of \$1,426,660 (FY17: Nil) were recognised and offset against the deferred tax liability from taxable temporary differences.

RECOGNITION AND MEASUREMENT

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

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

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

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

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

Bubs Australia Limited and its 100% owned Australian resident subsidiaries formed a tax consolidated group. Nulac Foods Pty Ltd joined the tax consolidated group on 20 December 2017. Bubs Australia Limited is the head entity of the tax consolidated group.

KEY ESTIMATE AND JUDGEMENT



RECOVERY OF DEFERRED TAX ASSETS

Judgement is required to be made by the group in assessing whether deferred tax assets and certain deferred tax liabilities are recognised on the consolidated statement of financial position. As detailed above, at 30 June 2018, Bubs has recognised deferred tax assets of \$1,426,660 relating to a portion of its available current year tax losses and temporary differences. Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be used. Probable is considered more likely than not.

Judgement is required when deferred tax assets are reviewed at each reporting date. Deferred tax assets may be reduced to the extent that it is no longer probable that future taxable profits will be available.

Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. These depend on estimates of future sales, operating costs, capital expenditure, dividends and other capital management transactions. Judgements are also required about the application of income tax legislation.

Changes in expectations for the future performance of the business may impact the amount of deferred tax assets recoverable and recognised on the statement of financial position and the amount of other tax losses and temporary differences not yet recognised. At 30 June 2018, the Group had \$6,100,064 of unrecognised tax losses. The Group is currently undergoing an assessment of the availability of these losses to the Group. The potential tax benefit relating to future tax losses, in addition to that detailed above, has not been recognised due to the history of recent losses incurred by the Group.

C. OPERATING ASSETS AND LIABILITIES

This section provides details of the Group's operating assets, and liabilities incurred as a result of trading activities, used to generate the Group's performance.

C.1

TRADE AND OTHER RECEIVABLES

	2018 \$	2017 \$
Trade debtors	2,855,303	908,743
Allowance for doubtful debt	(1,266)	(5,000)
Loan to Uphamgo Australia Pty Ltd	600,000	-
Other receivables	558,785	20,363
	4,012,822	924,106

Other receivables include a working capital adjustment \$92,499 relating to the acquisition of Nulac Foods Pty Ltd. Further details of business combination are disclosed in Note E1: Acquisition of subsidiary.

The Group's exposure to credit risks related to trade and other receivables are disclosed in Note D2 Financial risk management.

RECOGNITION AND MEASUREMENT

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition, they are measured at amortised cost using the effective interest rate method, less any impairment losses. The carrying value of trade and other receivables approximates their fair value.

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

Collectability of trade receivables is reviewed on an ongoing basis and written off by reducing the carrying value when known to be uncollectable. The impairment amount is recognised within administrative costs.

C.2

INVENTORIES

	2018 \$	2017 \$
Raw materials	499,388	-
Finished goods at cost	5,519,130	984,968
	6,018,518	984,968

The amount of inventory that was written off during the period was \$258,802 (2017: \$4,395).

An adjustment of \$351,825 (2017: Nil) was made on inventories carried at net realisable value.

RECOGNITION AND MEASUREMENT

Inventories are valued at the lower of cost and net realisable value. Cost is calculated using weighted average methods. Net realisable value represents the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

KEY ESTIMATES AND JUDGEMENTS



RECOVERY OF INVENTORY

Estimation of net realisable value includes assessment of expected future turnover of inventory held for sale and the expected future selling price of such inventory. Changes in

trading and economic conditions, and changes in country specific regulations, may impact these estimations in future periods.

C.3

OTHER ASSETS

	2018 \$	2017 \$
Prepayments and other assets	703,595	34,567
Inventories paid in advance	4,183,942	409,950
	4,887,537	444,517

RECOGNITION AND MEASUREMENT

Inventory paid in advance represents payments for purchases of finished goods prior to ownership passing to the Group.



C.4

INTANGIBLE ASSETS

	Goodwill \$	Brand name \$	Recipes \$	Customer list \$	Patents, trademarks and software \$	Total \$
Cost						
As at 1 July 2016	1,478,251	591,634	47,740	265,731	51,198	2,434,554
Acquisition of a subsidiary	-	-	-	-	990	990
As at 30 June 2017	1,478,251	591,634	47,740	265,731	52,188	2,435,544
Acquisition of a subsidiary	72,212,166	4,500,000	-	3,500,000	-	80,212,166
As at 30 June 2018	73,690,417	5,091,634	47,740	3,765,731	52,188	82,647,710
Amortisation and impairment						
As at 1 July 2016	(904,180)	-	(27,102)	(150,847)	(3,358)	(1,085,487)
Amortisation	-	-	(9,547)	(53,201)	(11,862)	(74,610)
Impairment	-	-	-	-	-	-
As at 30 June 2017	(904,180)	-	(36,649)	(204,048)	(15,220)	(1,160,097)
Amortisation	-	-	(9,547)	(238,639)	(13,021)	(261,207)
Impairment	(48,234,760)	-	-	-	-	(48,234,760)
As at 30 June 2018	(49,138,940)	-	(46,196)	(442,687)	(28,241)	(49,656,064)
Net book value						
At 30 June 2017	574,071	591,634	11,091	61,683	36,968	1,275,447
At 30 June 2018	24,551,477	5,091,634	1,544	3,323,044	23,947	32,991,646

Brand name, customer list and goodwill are allocated to the following cash generating units (CGUs) for the purposes of impairment testing: Infant Food Co \$1,174,297 (2017: \$1,227,388); Nulac Foods \$80,026,618 (2017: Nil).

As at 31 December 2017, given the acquisition of the Nulac Foods business had only recently been completed, it had been accounted for on a provisional basis using the acquisition method of accounting. The Group has undertaken further

assessment of the fair value of consideration and the net assets acquired. The movements in goodwill is presented below:

	Goodwill balance
As at 31 December 2017	71,951,583
Provisional adjustments	260,583
As at 30 June 2018	72,212,166

RECOGNITION AND MEASUREMENT

Intangible assets acquired separately are capitalised at cost and from a business combination are capitalised at fair value as at the date of acquisition. Following initial recognition, the cost model is applied to the class of intangible assets.

GOODWILL

Goodwill is recognised on business acquisitions, representing the excess of the fair value of the consideration transferred over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the business recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. For the purposes of impairment testing, goodwill acquired in a business combination is, from the date of acquisition, allocated to the Group's cash-generating units that are expected to benefit from the synergies of the combination.

BRAND NAMES

Brand names are considered to have an indefinite life and are not amortised. As at 30 June 2018, these assets were tested for impairment.

CUSTOMER LIST

Customer lists acquired in a business combination are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 10 years.

IMPAIRMENT TESTING FOR CASH-GENERATING UNITS (CGUS) INCLUDING GOODWILL

GOODWILL AND BRAND NAMES ALLOCATION

For the purposes of impairment testing, goodwill and brand names are allocated to the Group's CGUs which represent the lowest level within the Group at which goodwill and brand names are monitored by internal management and are no higher than an operating segment as follows:

CGUs	2018	2017
Infant Food Co	1,165,705	1,165,705
Nulac Foods	76,712,166	-
	77,877,871	1,165,705

RECOGNITION AND MEASUREMENT

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised on the consolidated statement of profit or loss and other comprehensive income.

KEY ESTIMATES AND JUDGEMENTS



GOODWILL AND INTANGIBLES

Judgements are made with respect to identifying and valuing intangible assets on acquisitions of new businesses. The Group assesses whether goodwill and intangibles with indefinite useful lives are impaired at least annually. These calculations involve judgements to estimate the recoverable amount of the cash-generating units to which the goodwill and intangibles with indefinite useful lives are allocated.



ANNUAL IMPAIRMENT TESTING AT 30 JUNE 2018

The recoverable amount of the CGUs to which goodwill and indefinite life brand names were allocated has been determined on a value in use basis using a discounted cash flow approach, and projections based on financial budgets and five-year forward plans approved by the Board.

KEY ASSUMPTIONS

CGUs	2018		2017	
	Infant Food Co	Nulac Foods	Infant Food Co	Nulac Foods
Discount rate (post tax)	12.9%	11.9%	12.1%	-
Discount rate (pre tax)	18.5%	16.4%	17.3%	-
Terminal growth	2.5%	2.5%	2.1%	-

SENSITIVITY TO CHANGE IN ASSUMPTIONS

The calculation of value in use for the above CGUs is most sensitive to the following assumptions:

- + Gross margins
- + Discount rates
- + Revenue growth during the forecast period
- + Growth rates used to extrapolate cash flows beyond the forecast period (terminal growth rate)

Gross margins – Gross margins are based on budgeted margins for FY2019, and conservative estimates for future years, which have been adjusted where appropriate to account for expected future trading conditions. Consideration has been given to the growth profile of each CGU when forecasting future margin returns.

Discount rates – Discount rates represent the risks specific to each CGU, taking into consideration the time value of money and individual risks of the underlying cash flows expected from the CGU being assessed. CGU specific risk is incorporated by applying individual beta factors.

The discount rate calculation is based on the specific circumstances of each CGU and its operating segments and is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity.

The cost of equity is derived from the expected return on investment by the CGU's investors. The cost of debt is derived from the interest rate of the CGU's working capital facility.

Revenue growth – Revenue projections have been constructed with reference to the FY2018 results and five-year forward-looking plans with the earlier years being estimated through specific volume assumptions based on known opportunities, while years thereafter are adjusted for performance trends across the particular

regions. A conservative approach has been adopted by the Group to reduce the risk of inflating estimated recoverable values. Management assesses the reasonableness of the growth assumptions by reviewing the achieved growth of comparable entities in the same, or related, industry segments.

Terminal growth rate – A terminal growth rate of 2.5% (2017: 2.1%) has been used for future cash flow growth beyond the five-year forecast period for both CGUs. This is a conservative rate when compared to annual growth rates during the forecast period.

The terminal value (being the total value of expected cash flows beyond the forecast period) is discounted to present values using the discount rate specific to each CGU.

As a result of this testing, goodwill relating to the Nulac Foods CGU was considered impaired. Other CGU assets, including working capital were assessed as being fully recoverable, with no impairment booked on these items.

The total impairment charge to goodwill relating to the Nulac Foods CGU was \$48,234,760. The goodwill impairment is driven by an increase in value of the shares issued to the vendors of NuLac Foods between entering into the purchase agreement on 3 November 2017 and completion on 20 December 2017.

The recoverable amount of the Infant Food Co's CGU exceeded its carrying amount. As a result, no impairment loss has been recognised on either goodwill or the brand name (2017: \$nil).

Management has identified that a reasonably possible change in three key assumptions could have an impact on the recoverable amount of each CGU. The following table shows the impact on the recoverable amount. Any change to the Nulac Foods CGU would result in further impairment. None of the changes below would result in an impairment to the Infant Food Co CGU:

	Impact on recoverable amount		
	% change	Infant Food Co	Nulac Foods
Discount rate	0.5%	(1,657,138)	(1,490,696)
Budgeted gross revenue growth	-5%	(7,023,165)	(1,533,681)
Budgeted gross margin	-1%	(2,574,546)	(2,981,022)

C.5

TRADE AND OTHER PAYABLES

	2018 \$	2017 \$
Trade payables	4,231,394	558,175
Other payables	1,073,081	541,993
	5,304,475	1,100,168

RECOGNITION AND MEASUREMENT

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost due to their short-term nature, and they are not discounted. They represent liabilities recognised when the Group becomes obligated to make future payments resulting from the purchase of goods and services. The amounts are unsecured.

The carrying value of trade and other payables approximates their fair value.

C.6

BORROWINGS

	2018 \$	2017 \$
Borrowings	2,000,000	-
	2,000,000	-

Nulac Foods Pty Ltd has a working capital facility with National Australia Bank. The aggregate amount of \$2 million was fully drawn down at 30 June 2018. Bubs Australia Limited is the guarantor of the facility.

RECOGNITION AND MEASUREMENT

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

The carrying value of borrowings approximates their fair value.

C.7

PROVISION

	2018 \$	2017 \$
Current Annual leave and long service leave	151,694	177,830
	151,694	177,830
Non - Current Long service leave	5,654	-
	5,654	-

RECOGNITION AND MEASUREMENT

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of employee benefits expected to be settled within 12 months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to the reporting date.

D. CAPITAL AND FINANCIAL RISK MANAGEMENT

This section outlines how the Group manages its capital structure and its exposure to financial risk, and provides details of its balance sheet liquidity and access to financing facilities.

D.1

CAPITAL MANAGEMENT

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

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

D.2

FINANCIAL RISK MANAGEMENT

Exposure to credit risk, foreign currency risk and liquidity risk arises in the normal course of the Group's business.

As at 30 June 2018 there were no derivative financial instruments in place. Specific risk management objectives and policies are set out below.

The Group's financial risk management processes and procedures seek to minimise the potential adverse impacts that may arise from the unpredictability of financial markets.

The Group uses various methods to measure different types of risk exposures. These methods include ageing analysis for credit risk, and sensitivity analysis in the case of foreign exchange risks and equity price risk.

Policies and procedures are reviewed periodically to reflect both changes in market conditions and changes in the nature and volume of Group activities.

In 2018, there were no changes in liabilities arising from financing activities.

CREDIT RISK MANAGEMENT

Credit risk is the risk of financial loss to the Group if a customer or the counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

Maximum exposures to credit risk at balance date:	2018 \$	2017 \$
Cash and cash equivalent (counterparty risk)	38,642,902	5,306,746
Trade receivables (customer credit risk)	2,854,037	903,743
Loan to Uphamgo Australia Ltd	600,000	-
Other receivables	558,785	20,363
	42,655,724	6,230,852



COUNTERPARTY RISK

At balance date, the Group's bank accounts were held with National Australia Bank Limited and Australia and New Zealand Bank Limited.

The Group does not have any other concentrations of counterparty credit risk.



CUSTOMER CREDIT RISK

The Group's exposure to customer credit risk is influenced mainly by the individual characteristics of each customer. The majority of sales are to major retailers with established creditworthiness and minimum levels of default. Other sales are made cash on delivery.

their debtor ageing profile. Monitoring of receivable balances on an ongoing basis minimises the exposure to bad debts.

New customers are analysed individually for creditworthiness, taking into account credit ratings where available, financial position, previous trading experience and other factors.

There is significant concentration of credit risk within the Group. In 2018, 22.96% of sales were to one customer, whom is a major retailer (2017: 52.99% sales to one customers). There is no history of default for this customer.

In monitoring customer credit risk, customers are assessed individually by

A provision for impairment is recognised when there is a clear indication that an individual trade receivable is impaired.



OTHER CREDIT RISK

The Group is exposed to related party credit risk and other credit risk. In monitoring other credit risk, the related parties and counterparties are analysed

individually for creditworthiness, taking into account credit ratings where available, financial position and other factors.

Ageing of trade receivables at the reporting date:

	2018 \$	2017 \$
Neither past due nor impaired	1,642,546	712,806
Past due but not impaired		
Past due up to 30 days	1,048,085	75,120
Past due 31 to 60 days	81,418	90,303
Past due 61 to 90 days	46,304	42,241
Past due more than 90 days	35,684	(16,727)
	2,854,037	903,743

Movement in allowance for doubtful debts

	2018 \$	2017 \$
Allowance of doubtful debts		
Balance at beginning of the year	5,000	-
Amount charged to the statement of profit or loss and other comprehensive income	12,135	5,000
Provision utilised	(15,869)	-
Balance at the end of year	1,266	5,000



MARKET RISK

Market risk is the risk that changes in market prices will affect the Group's income or the value of its holdings in financial instruments. The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates to the AUD dollar.

Market risk exposures are monitored by management on an ongoing basis and there has been no change during the year to the Group's exposure to market risks or the manner in which it manages and measures risk.

FOREIGN CURRENCY RISK MANAGEMENT

The Group enters into the transaction in Australia, New Zealand, and China and is exposed to currency risk arising from movements in the currencies of those countries against the AUD dollar.

or loss of the Group based on closing exchange rates as at 30 June, applied to the Group's financial assets/(liabilities) at 30 June.

Expressed in AUD dollars, the table below indicates exposure and sensitivity to movements in exchange rates on the profit

Exchange rates and assets and liabilities held in foreign currencies will fluctuate over the course of normal operations. The analysis is performed consistently from year to year.

2018	Net exposure on reporting date	Impact on pre-tax profit / (loss)	
	\$	+10% \$	+10% \$
Movement on exchange rate			
NZ Dollar	510,189	(49,785)	(52,527)
US Dollar	23,424	(2,876)	3,515
RMB Dollar	139,624	(12,693)	15,514
Net exposure	673,237	(65,354)	71,556
2017	Net exposure on reporting date	Impact on pre-tax profit / (loss)	
	\$	+10% \$	+10% \$
Movement on exchange rate			
NZ Dollar	8,506	(773)	945
US Dollar	41,159	(3,742)	4,573
Net exposure	49,665	(4,515)	5,518

INTEREST RISK MANAGEMENT

The Group's main interest rate risk arises from borrowings, which expose the Group to cash flow interest rate risk.

2018	Profit or loss		
	Nominal amount	25bp increase	25bp decrease
Fixed rate instruments			
Borrowings	2,000,000	2,630	(2,630)

In FY2017, the Group was not exposed to cash flow interest rate risk.

LIQUIDITY RISK MANAGEMENT

Liquidity risk is the risk that the Group will be unable to meet its obligations as they fall due. This risk is managed by establishing a target minimum liquidity level, ensuring that ongoing commitments are managed with respect to forecast available cash inflows.

The Group holds significant cash reserves which enable it to meet its obligations as they fall due, and to support operations in the event of unanticipated external events.

The Group has one working capital facility with \$2,000,000 (2017: Nil) fully drawn down at 30 June 2018.

Contractual undiscounted maturities of financial liabilities

The Group's financial liabilities consist entirely of trade payables and accruals.

	Carrying amount	Total	Contractual cashflows				
			2 months or less	2-12 months	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities							
Consideration payable	1,488,327	1,488,327	-	1,488,327	-	-	-
Contingent payable	7,502,367	7,502,367	-	3,350,000	4,152,367	-	-
Trade and other payables	5,304,475	5,304,475	5,304,475	-	-	-	-
Borrowings	2,000,000	2,000,000	2,000,000	-	-	-	-
	16,295,169	16,295,169	7,304,475	4,838,327	4,152,367	-	-

In FY2017, financial liabilities comprise trade and other payables which mature on terms of between 0 and 90 days.

D.3

FAIR VALUE MEASUREMENT

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as above, based on the lowest level input that is significant to the fair value measurement as a whole:

LEVEL 1	LEVEL 2	LEVEL 3
Quoted (unadjusted) market prices in active markets for identical assets or liabilities	Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable	Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation

(based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The following table shows the carrying amounts and fair values of financial assets and financial liabilities including their levels in the fair value hierarchy.

	Carrying value		Fair value	
	Total	Level 1	Level 2	Level 3
Contingent payable	7,502,367	-	-	7,502,367

The fair value measurement for the contingent payable has been categorised as Level 3 fair values based on the inputs to the valuation techniques used.

LEVEL 3 FAIR VALUES

The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair values.

	Contingent payable
Balance at 1 July 2017	-
Amount recognised in profit and loss in the current year	7,502,367
Balance at 30 June 2018	7,502,367

VALUATION TECHNIQUES AND SIGNIFICANT UNOBSERVABLE INPUTS

The following tables show the valuation techniques used in measuring Level 3 fair values for financial liabilities measured at fair value in the statement of financial position, as well as the significant unobservable inputs used.

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs
Contingent payable	A total amount of \$13.4 million is payable by the Group in relation to Uphamgo Australia Pty Ltd upon the satisfaction of certain performance targets. Refer Note E1. The valuation is probability weighted based on the Group's assessment of each individual KPI. The lowest probability has been adopted in determining the contingent payable given that all KPIs need to be met, the amount in respect of the Year 2 KPI has been present valued using a risk adjusted discount rate.	The probability attached to each KPI is between 50-100%. Risk adjusted discount rate is 17.79%	The estimated fair value would increase (decrease) if: + the probability attached to each KPI is higher (lower); or + the risk-adjusted discount rate is lower (higher).

RECOGNITION AND MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- + In the principal market for the asset or liability; or
- + In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

D.4

CASH AND CASH EQUIVALENTS

	2018 \$	2017 \$
Cash at bank and on hand	38,642,902	5,306,746
	38,642,902	5,306,746

Interest is earned at floating rates based on daily bank deposit rates. The carrying value of cash assets approximates their fair value.

RECOGNITION AND MEASUREMENT

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash, and which are subject to an insignificant risk of changes in value.

The carrying value of cash and cash equivalents approximates their fair value.

D.5

CASH FLOW INFORMATION

Reconciliation of after tax profit with net cash flows from operating activities.

	2018 \$	2017 \$
(Loss) after income tax benefits for the year	- 64,658,942	- 5,059,242
Income tax benefits	- 1,562,242	- 18,808
Share-based payments	2,544,696	561,769
Unwinding of contingent payable	164,447	-
Depreciation and amortisation	309,007	116,534
Goodwill impairment	48,234,760	-
Share of profit of joint ventures	- 132,437	-
Corporate transaction accounting expense	-	1,722,893
Loss on disposal of property, plant and equipment	-	8,350
Decrease / (increase) in trade and other receivables	- 911,915	- 604,455
Decrease / (increase) in inventories	- 1,137,101	1,482,205
Decrease / (increase) in other assets	- 4,413,480	-
Increase / (decrease) in trade and other payables	8,809,137	- 386,868
Increase/ (decrease) in provisions	- 20,482	81,328
Net cash outflow from operating activities	- 12,774,552	- 2,096,294

D.6

SHARE CAPITAL

	2018		2017	
	Shares	\$	Shares	\$
Movement in share capital				
Balance at beginning of the year	238,820,888	15,082,928	25,000	8,400,000
Deemed reverse acquisition on Bubs Australia Limited by IFHC	-	-	75,140,888	6,804,862
Issue of shares as part of acquisition / reverse acquisition	76,802,684	54,529,906	163,375,000	-
Exercise of options	5,000	500	-	-
Placement of shares	8,331,933	4,999,160	280,000	28,000
Share purchase plan	112,233,910	69,785,259	-	-
Share issue transaction costs, net of tax	-	(2,208,489)	-	(149,934)
Balance at end of year	436,194,415	142,189,264	238,820,888	15,082,928

Fully paid ordinary shares carry one vote per share and carry right to dividends.

D.7

RESERVE

	2018 \$	2017 \$
Balance at the beginning of the year	561,769	-
Share based payment	2,544,696	561,769
Balance at the end of the year	3,106,465	561,769



OPTION RESERVE

The employee equity settled payments reserve is used to record the value of share-based payments provided to key management personnel. Further details are disclosed in Note G2 Share based payments.

D.8

OPERATING LEASE COMMITMENTS

The Group has entered into operating leases for office and industrial premises. All lease contracts contain market review clauses in the event that the Group exercises its option to renew.

NON-CANCELLABLE OPERATING LEASE PAYMENTS

At the end of the reporting period, the future minimum lease payments under non-cancellable operating leases are payable as follows:

	2018 \$	2017 \$
Less than one year	117,603	48,754
Between one and five years	137,209	8,152
More than five years	-	-
	254,812	56,906

RECOGNITION AND MEASUREMENT

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement at inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

GROUP AS A LESSEE

Leases under which a significant proportion of the risks and rewards remain with the lessor are classified as operating leases. Operating lease payments are recognised as an operating expense in the statement of profit or loss and other comprehensive income on a straight line basis over

the lease term. Operating lease incentives are recognised as a liability when received and subsequently reduced by allocating lease payments between rental expense and reduction of the liability.

D.9

CONTINGENT LIABILITIES

As at 30 June 2018, there were no material contingent liabilities (2017: \$nil).

E. ACQUISITION OF SUBSIDIARY AND JOINT VENTURES

E.1

ACQUISITION OF SUBSIDIARY

On 20 December 2017, Bubs Australia Limited acquired 100% of the issued shares in NuLac Foods Pty Ltd, a goat dairy sales and marketing business, with the following purchase consideration:

	\$
Cash	25,000,000
Deferred consideration	1,323,880
Deferred cash adjustment	(92,499)
Ordinary shares issued	54,529,906
Total Purchase Consideration	80,761,287

Deferred consideration of up to \$1,488,327 is payable in cash in the event that any of the 9,417,350 options outstanding as at 20 December 2017 are exercised, to adjust for the dilution of the consideration shares. Payments are due

to be made within 30 days of the relevant option exercise date. The value of the consideration payable of \$1,323,880 was estimated by calculating the present value of future expected cash flows.

At the date of acquisition it was deemed that these options would not be exercised within 12 months and therefore was recorded as a non-current liability and present valued accordingly. At 30 June 2018, this amount has been recorded as a current liability on the consolidated statement of financial position. The difference of \$164,447 has been recorded as a finance cost in the consolidated statement of profit or loss and other comprehensive income. A reconciliation of fair value measurement of the deferred consideration payable is provided below:

As at 1 July 2017	-
Liability arising on acquisition	\$1,323,880
Unwinding of the consideration payable recognised in profit or loss	\$164,447
As at 30 June 2018	\$1,488,327

In addition, a cash adjustment is expected to be made in October 2018 relating to a working capital adjustment based on the values of certain accounts on the balance sheet of NuLac Foods Pty Ltd as at the acquisition date, including inventories, receivables and trade and other payables. The adjustment has been estimated as a cash payment to the Group of \$92,499.

The fair value of the 76,802,684 shares issued as part of the consideration (\$54,529,906) was based on the published share price on 20 December 2017 of \$0.71 per share.

ANALYSIS OF CASHFLOWS ON ACQUISITION

	\$
Cash consideration	25,000,000
Cash balances acquired	(399)
Net outflows of cash	24,999,601

A total amount of \$1,061,857 transaction costs in relation to the acquisition are included in cash flows from operating activities.



ASSETS AND LIABILITIES ACQUIRED

The fair value of the assets and liabilities recognised as a result of the acquisition are as follows:

	\$
Cash and cash equivalents	399
Trade receivables	1,065,737
Inventories	3,896,449
Other current assets	86,444
Intangible assets: brands and trademarks	4,500,000
Intangible assets: customer relationships	3,500,000
Investments in joint ventures	2,235,914
Trade and other payables	(2,535,822)
Trade refinance facility	(2,000,000)
Deferred tax liability	(2,200,000)
Net Assets	8,549,121
Total Purchase Consideration	80,761,287
Goodwill	72,212,166



TRANSACTIONS RECOGNISED SEPARATELY FROM THE ACQUISITION

A total amount of up to \$13.4 million is payable by The Group in relation to Uphamgo Australia Pty Ltd upon the future satisfaction of certain performance targets, including production, specification, quality assurance and continuous employment related targets. This amount includes up to \$6.7 million payable following the achievement of the performance targets in the period ending 20 December 2018, and up to \$6.7 million payable following the achievement of the performance targets in the period ending 20 December 2019. These payments are not contingent consideration as defined in the Australian Accounting Standards, and instead are accounted for in accordance with AASB119 – Employee Benefits, as expenses

relating to future activities including continuing services of employees of Uphamgo Australia Pty Ltd. \$7,502,367 representing the expense from the day of the acquisition to 30 June 2018 has been recorded as Employee costs in the Consolidated Statement of Profit or Loss and other comprehensive income.

\$3,350,000 has been recorded as a current liability on the consolidated statement of financial position as this amount relates to the first payment payable 12 months after the acquisition. The remaining amount has been recognised as a non-current liability as this relates to the second payment payable 24 months after the acquisition. This amount reflects the present value of future cash outflows.



REVENUE AND PROFIT CONTRIBUTION

The acquired business of NuLac Foods Pty Ltd contributed revenues of \$10,065,968 and net loss of \$1,177,159 to the Group for the period from 20 December to 30 June 2018. The calculation of pro-forma revenue and profit for the period ended 30 June 2018 as if the acquisition

had occurred on 1 July 2017 is impracticable due to the significant estimates required for retrospective restatement following a significant restructure of the operations of NuLac Foods Pty Ltd undertaken prior to the date of acquisition.

RECOGNITION AND MEASUREMENT

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

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

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

Contingent consideration to be transferred by the acquirer is recognised at the acquisition date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

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

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

E.2

JOINT VENTURES

On 20 December 2017, the Group acquired:

49.9%

of the issued shares in Uphamgo Australia Pty Ltd;

49.9%

of the issued shares in New Zealand Nutritional Goat Company Limited;

49.9%

of the issued shares in Cambria Management Company Pty Ltd; and

49.9%

of the issued units in Cambria Unit Trust.

The Group's investments in Uphamgo Australia Pty Ltd, New Zealand Nutritional Goat Company Limited, Cambria Management Company Pty Ltd and Cambria Unit Trust are accounted for as joint ventures under AASB 128 *Investments in Associates and Joint Ventures*.



Summarised financial information of the joint ventures and reconciliation with the carrying amount of the investment in the consolidated financial statements are set out below:

	Uphamgo Australia Pty Ltd	New Zealand Nutritional Goat Company Limited	Cambria Unit Trust*	Total
Current assets (including cash and cash equivalents \$1,119,881)	322,183	2,212,075	1,036,955	3,571,213
Non-current assets	108,315	81,177	3,795,844	3,985,336
Current liabilities	258,810	1,772,945	1,044,008	3,075,763
Net assets (100%)	171,688	520,307	3,788,791	4,480,786
Group's share of net assets (49.9%)	85,672	259,635	1,890,607	2,235,914
Carrying amount of interest in joint venture	85,672	259,635	1,890,607	2,235,914

Profit and loss performance from the date of acquisition to 30 June 2018

Revenue	3,241,770	1,307,940	150,000	4,699,710
Cost of sales	(1,333,620)	(1,227,620)	-	(2,561,240)
Administration expenses	(983,696)	(65,181)	(102,835)	(1,151,712)
Depreciation and amortisation	(73,094)	-	(57,175)	(130,269)
Salaries and wages	(583,490)	-	-	(583,490)
Net interest income / (expense)	-	-	(8,474)	(8,474)
Income tax expense	-	881	-	881
Profit and total comprehensive income (100%)	267,870	16,020	(18,484)	265,406
Group's share of total comprehensive income (49.9%)	133,667	7,994	(9,224)	132,437
Investment in joint venture				2,368,351

*Cambria Management Company Pty Ltd is the trustee of Cambria Unit Trust.

RECOGNITION AND MEASUREMENT

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in its joint venture are accounted for using the equity method. Under the equity method, the investment in a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the joint venture since the acquisition date. Goodwill relating to the joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

An impairment loss in respect of an equity-accounted investee is measured by comparing the recoverable amount of the investment with its carrying amount. An impairment loss is recognised in profit or loss, and is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

Upon loss of joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

F. GROUP STRUCTURE

F.1

PARENT ENTITY

Bubs Australia Limited is the ultimate parent of the Group.

F.2

SUBSIDIARIES

	Country of incorporation	Principal Activity	Class or Shares	% Owned 2018	% Owned 2017
Bubs Australia Limited (formerly Hillcrest Litigation Services Limited)	Australia	Non-trading Holding Company	Ordinary	-	-
The Infant Food Co. Pty Limited	Australia	Trading Company	Ordinary	100%	100%
Bubs IP Pty Ltd (formerly Bubs Australia Pty Limited)	Australia	Holder of IP and trademarks	Ordinary	100%	100%
Nulac Foods Pty Ltd	Australia	Trading Company	Ordinary	100%	-

F.3

PARENT ENTITY INFORMATION

Set out below is the supplementary information of the legal parent entity.

	2018 \$	2017 \$
Result of parent entity		
Loss for the year	(60,274,364)	(1,562,023)
Other comprehensive income	-	-
Total comprehensive loss for the year	(60,274,364)	(1,562,023)
Financial position of parent entity at year end		
Current assets	50,757,799	5,234,093
Total assets	98,572,983	21,576,824
Current liabilities	4,805,059	525,603
Total liabilities	8,963,614	525,603
Issued share capital	169,350,961	43,063,145
Reserves	3,106,465	561,769
Accumulated losses	(82,848,057)	(22,573,693)
Total Equity	89,609,369	21,051,221

G. OTHER DISCLOSURES

G.1

RELATED PARTY TRANSACTIONS

KEY MANAGEMENT PERSONNEL

Key management personnel are defined as those persons having significant authority and responsibility for planning, directing and controlling the activities of the Group.

Key management personnel compensation:

	2018 \$	2017 \$
Short-term employee benefits	737,737	616,928
Post-employment benefits	64,488	54,852
Long-term benefits	29,637	7,400
Share-based payments	2,544,696	213,330
Key management personnel disclosures	3,376,558	892,510

TRANSACTIONS WITH RELATED PARTIES

The following table provides details of transactions that were entered into for the relevant financial year.

	Purchases from related parties		Amounts owed to related parties		Loan to related parties		Amounts owed by related parties	
	2018 \$	2017 \$	2018 \$	2017 \$	2018 \$	2017 \$	2018 \$	2017 \$
Premises in Narrabeen leased by Anthony Gualdi to the Group	-	19,934	-	19,934	-	-	-	-
Professional services fee to BDO Australia Ltd	461,256	25,997	53,480	22,050	-	-	-	-
Purchase from Cibus Goats (Australia) Pty Ltd*	2,894,258	-	629,748	-	-	-	-	-
Purchase from New Zealand Nutritional Company	1,575,013	-	441,999	-	-	-	-	-
Purchase from UphamGo Australia Pty Ltd	4,771,541	-	1,337,677	-	-	-	-	-
Loan to Uphamgo Australia Pty Ltd	-	-	-	-	600,000	-	600,000	-
Total	9,702,068	45,931	2,462,904	41,984	600,000	-	600,000	-

*Bubs Australia is committed to purchase a minimum of 3,140,000 Litres of milk from Cibus Goats (Australia) Pty Ltd each year during the term of the contract. J. Gommans is a director in Cibus Goats (Australia) Pty Ltd.

All of the above transactions were considered to be on an arms' length basis.

G.2

SHARE BASED PAYMENTS

The options reserve is used to recognise the grant date fair value of options issued to employees but not exercised. The movement in the options reserve is as follows:

	Options #	\$
Balance at 1 July 2016		
Options issued during the period:		
- Exercisable at \$0.10 employee options expiring 20.12.2019	3,578,108	213,330
- Exercisable at \$0.10 consultant options expiring 20.12.2019	5,839,242	348,439
Balance at 30 June 2017	9,417,350	561,769
Options issued during the period:		
- Exercisable at \$0.10 employee options expiring 19 January 2021 issued to the CEO	3,578,108	2,542,604
- Exercisable at \$0.10 employee options expiring 19 January 2021 issued to the Managing Director	2,385,405	1,570
- Exercisable at \$0.10 employee options expiring 19 January 2021 issued to the Managing Director	2,385,405	522
Balance at 30 June 2018	17,766,268	3,106,465

The employee options are exercisable as follows:

Options on issue at 30 June 2017:

- + Employee options of 3,578,108: These options were granted prior to 30 June 2017 and the related share based payment expense was recorded in the year ended 30 June 2017. They are immediately exercisable with no required service period and do not expire on termination of employment; and
- + Consultant options of 5,839,242: These options were granted prior to 30 June 2017 and the related share based payment expense was recorded in the year ended 30 June 2017. These options have a vesting condition that the share price of Bubs Australia Limited must be at least 12.5 cents before they are exercisable. There is no required service period for the consultant options.

3,578,108 options were exercised post 30 June 2018.

Options issue during the period:

- + 3,578,108: vest on the achievement of \$15m in gross sales or \$500,000 in EBIT and expire on termination of employment;
- + 2,385,405: vest 3 months after issue and on the achievement of \$30m in gross sales, or \$2m in EBIT and expire on termination of employment; and
- + 2,385,405: vest 3 months after issue and on the achievement of \$50m in gross sales and \$4m in EBIT and expire on termination of employment.

3,578,108 options vested during FY2018.

The fair value of the options granted was measured using the Black-Scholes pricing model, taking into account the terms and conditions upon which the options were granted.

The details of the fair value of the options issued to Nicholas Simms during the period is as follows:

	Employee options	Employee options*	Employee options*
Exercise price (\$)	0.10	0.10	0.10
Share price at date of issue (\$)	0.79	0.79	0.79
Grant date	14 December 2017	14 December 2017	14 December 2017
Expected volatility (%)	90%	90%	90%
Expiry date	19 January 2021	19 January 2021	19 January 2021
Expected dividends	Nil	Nil	Nil
Risk free interest rate	2.08%	2.08%	2.08%
Value per option (\$)	\$0.7106	\$0.7106	\$0.7106
Number of options	3,578,108	2,385,405	2,385,405
Total value of options	\$2,542,620	\$1,695,080	\$1,695,080

*As a result of appointing Kristy Carr to the position of CEO, the vesting conditions for tranche 2 and tranche 3 options issued to Nicholas Simms will not be met. As a result, these options were considered forfeited.

The details of the fair value of the options offered to Kristy Carr during the period is as follows:

	Employee options	Employee options
Exercise price (\$)	0.10	0.10
Share price at date of issue (\$)	0.78	0.78
Grant date	29 June 2018	29 June 2018
Expected volatility (%)	70%	70%
Expiry date	19 January 2021	19 January 2021
Expected dividends	Nil	Nil
Risk free interest rate	2.13%	2.13%
Value per option (\$)	\$0.6836	\$0.6836
Number of options	2,385,405	2,385,405
Total value of options	\$1,630,722	\$1,630,722

RECOGNITION AND MEASUREMENT

The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using the Black-Scholes pricing model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted over the period to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, but is not adjusted when market performance conditions are not met.

Expected volatility has been based on an evaluation of the historical volatility of the Group's share price, particularly over the historical period commensurate with the expected term. The expected term of the instruments has been based on historical experience and general option holder behaviour.

KEY ESTIMATE AND JUDGEMENT

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the

most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

G.3

AUDITORS REMUNERATION

During the financial year the following fees were paid or payable for services provided by the auditor of the Group:

	2018 \$	2017 \$
Audit services		
Audit or review of the financial statements – Ernst & Young	177,400	95,000
Non audit service		
Agreed upon procedures	12,000	-
	189,400	95,000

G.4

SUBSEQUENT EVENTS

On 4 September 2018, Kristy Carr, the company Founder and Managing Director stepped into the role of the Chief Executive Officer. Nicholas Simms employment with the company was terminated on 20 September 2018.

In FY2017, Nicholas Simms was granted a total of 3,578,108 options (granted on 20 December 2016). These options were granted prior to Nicholas Simms being appointed as CEO, as part of his compensation as a commercial director of the company. These options were issued as an incentive for Nicholas Simms to join the Company and accordingly are not linked to any performance-based milestones. There

were no performance or service conditions required to exercise the options, and the options were not dependent on the ongoing employment of Nicholas Simms by the Company. The 3,578,108 options vested in FY2017 and were exercised post 30 June 2018.

Other than the events stated above, no matter or circumstance has arisen since 30 June 2018 that has significantly affected, or could significantly affect the reported results from operations or financial position for the year then ended.

G.5

ACCOUNTING POLICIES AND NEW ACCOUNTING STANDARDS

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Bubs Australia Limited ('company' or 'parent entity') as at 30 June 2018 and the results of all subsidiaries for the year then ended. Bubs Australia Limited and its subsidiaries together are referred to in these financial statements as the 'Group'.

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

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

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

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

GOING CONCERN

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

NEW, REVISED OR AMENDING ACCOUNTING STANDARDS AND INTERPRETATIONS ADOPTED

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting year. The changes in standards had no material impact on the Group's financial position or comprehensive income for the year.

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

NEW ACCOUNTING STANDARDS AND INTERPRETATIONS NOT YET MANDATORY OR EARLY ADOPTED

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting year ended 30 June 2018.

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

AASB 9: FINANCIAL INSTRUMENTS AND ASSOCIATED AMENDING STANDARDS (APPLICABLE TO THE GROUP FOR THE YEAR BEGINNING 1 JULY 2018)

The new standard is effective for accounting periods beginning on or after 1 July 2018 and will replace existing accounting standards. The standard introduces a new approach for classification and measurement; impairment of financial instruments by introducing a forward-looking 'expected loss' impairment model for recording expected credit losses; and hedge accounting.

The key changes that affect the Group on initial application include upfront accounting for expected credit loss. Given the general quality and short term nature of the Group's trade receivables, there is no material impact expected on the introduction of an expected-loss impairment method.

AASB 15: REVENUE FROM CONTRACTS WITH CUSTOMERS (APPLICABLE TO THE GROUP FOR THE YEAR BEGINNING 1 JULY 2018)

The new standard is effective for accounting periods beginning on or after 1 January 2018 and will replace the current accounting requirements applicable to revenue with a single, principles-based model.

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. The Group has elected to transition to the new standard using the cumulative effect method and elected to apply the complete contracts practical expedient. As at 1 July 2018, there were no incomplete contracts. As a result, no restatement of the comparative periods is expected.

The Group has performed a preliminary assessment of the impact resulting from the application of AASB 15. Based on the assessment performed to date, the standard is not expected to have a material impact on the Group's revenue streams from the supply of goods and associated rebates provisions. The timing of the recognition of product sales and the basis for the Group's estimates of sales deductions under *AASB 118 Revenue* are expected to be consistent with those to be adopted under AASB 15. The Group is considering the disclosure requirements of AASB 15 including the disaggregation of revenue in the financial report.

AASB 16: LEASES (APPLICABLE TO THE GROUP FOR THE YEAR BEGINNING 1 JULY 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-of-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-of-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.

The Group has not yet quantified the impact on its reported assets and liabilities on adoption of AASB 16. The quantitative effect will depend on, inter alia, the transition method chosen, the extent to which the Group uses the practical expedients and recognition exemptions, and any additional leases that the Group enters into. The Group expects to disclose its transition approach and quantitative information before adoption.

OTHER AMENDMENTS

The following new or amended standards are not expected to have a significant impact on the Group's consolidated financial statements.

Classification and Measurement of Share-based Payment Transactions (Amendments to AASB 2).

Sale of Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to AASB 10 and AASB 128).

Foreign currency transactions and advance consideration (Amendments to AASB Interpretation 22)

11

DIRECTOR'S DECLARATION



DIRECTOR'S DECLARATION

1. IN THE OPINION OF THE DIRECTORS OF BUBS AUSTRALIA LIMITED (THE 'COMPANY'):

A| The consolidated financial statements and notes that are set out on pages 44 to 106 and the Remuneration report on pages 24 to 32 in the Directors' report, are in accordance with the Corporations Act 2001, including:

- + Giving a true and fair view of the Group's financial position as at 30 June 2018 and of its performance for the financial year ended on that date; and
- + Complying with Australian Accounting Standards and the Corporations Regulations 2001; and

B| There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. THE DIRECTORS HAVE BEEN GIVEN THE DECLARATIONS REQUIRED BY SECTION 295A THE CORPORATIONS ACT 2001 FROM THE CHIEF EXECUTIVE OFFICER FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018.

3. THE DIRECTORS DRAW ATTENTION TO NOTE A TO THE CONSOLIDATED FINANCIAL STATEMENTS, WHICH INCLUDES A STATEMENT OF COMPLIANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS.

Signed in accordance with a resolution of the directors:
Dated at Sydney this 28th day of September 2018



DENNIS LIN
Chairman

OTHER INFORMATION

The following additional information is required by the Australian Securities Exchange in respect of listed public companies.

1. SHAREHOLDING AS AT 25 SEPTEMBER 2018

A | Distribution of shareholders

Range	Total holders	Units	% Units
1 - 1,000	2,268	1,542,503	0.35
1,001 - 5,000	5,443	15,363,201	3.48
5,001 - 10,000	2,847	22,349,572	5.06
10,001 - 100,000	3,967	117,035,045	26.51
100,001 Over	411	285,215,536	64.60
Rounding			0.00
Total	14,936	441,505,857	100.00

B | Unmarketable parcels

	Minimum Parcel Size	Holders	Units
Minimum \$ 500.00 parcel at \$ 0.6300 per unit	794	1,325	639,645

C | 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

A | Top 20 shareholders – Ordinary Shares

Rank	Name	Units	% of Units
1.	CARR FAMILY PTY LIMITED <CARR FAMILY A/C>	20,761,600	4.70
2.	PENELOPE ANNE GANDAR	19,200,671	4.35
3.	JOHANNES THEODORUS MARIA GOMMANS	19,200,671	4.35
4.	MR RUPERT ROBIN SOAR	19,200,671	4.35
5.	MS CATHERINE JANE TAYLOR	19,200,671	4.35
6.	INFANT FOOD BUSINESS PTY LIMITED <BUBS AUSTRALIA A/C>	14,061,600	3.18
7.	WF INVESTMENT HOLDINGS PTY LTD <WF INVESTMENT A/C>	13,789,440	3.12
8.	J P MORGAN NOMINEES AUSTRALIA LIMITED	10,553,147	2.39
9.	NEXT STEP GLOBAL LIMITED	8,532,502	1.93
10.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	8,123,951	1.84
11.	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	4,208,894	0.95
12.	CITICORP NOMINEES PTY LIMITED	4,202,336	0.95
13.	CA INVESTMENT CORP PTY LTD <GUO AND XU FAMILY A/C>	3,800,000	0.86
14.	INFANT FOOD BUSINESS PTY LIMITED <BUBS AUSTRALIA A/C>	3,615,000	0.82
15.	MAGIC HOME LIMITED	3,043,200	0.69
16.	MR HONGTAO ZHANG	2,580,000	0.58
17.	MRS MELINDA JANE COATES	2,550,000	0.58
18.	INSPIRING FUTURE LIMITED	2,540,222	0.58
19.	MR NICHOLAS CHARLES EDWARD SIMMS <LITTLE COVE DISCRETIONARY A/C>	2,009,198	0.46
20.	BERNE NO 132 NOMINEES PTY LTD	1,632,960	0.37
Totals: Top 20 holders of ORDINARY FULLY PAID SHARES (TOTAL)		182,806,734	41.41

2. CORPORATE DIRECTORY

A | The name of the Company Secretary is Jay Richard Stephenson

B | Principal registered office

2-4/6 Tilley Lane, Frenchs Forest, NSW, Australia, 2086

C | Registers of securities

Computer Investor Services Pty Ltd

D | 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

E | Unquoted securities

Options over unissued shares
The Group has 14,188,160 options on issue.



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