

**HEMP HULLING CO (QLD) PTY LTD**  
***ABN 53 611 071 213***

**FINANCIAL REPORT**  
**FOR THE HALF-YEAR ENDED**  
**31 DECEMBER 2017**

**HEMP HULLING CO (QLD) PTY LTD**  
**ABN 53 611 071 213**

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## Directors Report for the Half-Year Ended 31 December 2017

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The director presents this report and the reviewed financial statements for the half-year ended 31 December 2017.

### Director(s)

The name/s of the director/s in office at any time during or since the end of the half-year are:

Sebastian William Edwards

The director/s has/have been in office since the start of the financial year to the date of this report unless otherwise stated.

### Operating Result

The company generated a loss of \$4,802 from its undertakings in hemp seed processing services.

### Significant Changes in the State of Affairs

The company established base as a hemp seed huller and processor following the establishment of its new hulling facility in Coolum, QLD and realised first revenues from operations.

No other significant changes in the company's state of affairs occurred during the half-year.

### Principal Activities

The principal activities of the company during the half-year were:

Research and development of hemp-related products & associated product chain  
Provision of hemp seed hulling services

No significant change in the nature of these activities occurred during the half-year.

### After Balance Date Events

The company obtained further significant investment from Medical Cannabis Ltd following the end of the half-year and opted to utilize funds to significantly expand hulling capacity.

As a result, the facility did not generate revenues during the period January to May 2018 and the company expects to realise an overall loss for the financial year ending 30 June 2018.

No other matters or circumstances have arisen since the end of the half-year which significantly affected, or may significantly affect, the state of affairs of the company in future financial years.

### Dividends

There were no dividends paid, or recommended to be paid, during the half-year.

### Share Options

No options over issued shares or interests in the company were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

### Indemnifying Office or Auditor

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of the company.

### **Proceedings on Behalf of Company**

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

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

Signed in accordance with a resolution of the Director:

Sebastian William Edwards  
Director

A handwritten signature in black ink, appearing to read 'S. Edwards', written in a cursive style.

Dated this 28<sup>th</sup> day of August 2018



**HEMP HULLING CO (QLD) PTY LTD**  
**ABN 53 611 071 213**

**DIRECTOR'S DECLARATION**

In the Director's opinion:

1. the financial statements and accompanying notes set out on pages 8 to 12 are in accordance with the provisions of the *Corporations Act 2001* and:
  - (a) comply with Accounting Standards and the *Corporations Regulations 2001*; and
  - (b) give a true and fair view of the company's financial position as at 31 December 2017 and of its performance for the half-year ended on that date;
2. There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.



Sebastian William Edwards  
Director

**7/30 Corbould Road, Coolum Beach QLD 4573**

**Dated:** 28<sup>th</sup> August 2018





**HEMP HULLING CO (QLD) PTY LTD**  
**ABN 53 611 071 213**

**CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2017**

	<b>01.07.2017</b>	<b>01.07.2016</b>
	<b>to</b>	<b>to</b>
	<b>31.12.2017</b>	<b>31.12.2016</b>
	<b>\$</b>	<b>\$</b>
<b>Revenue</b>		
Revenue	16,643	-
	<hr/>	<hr/>
Total revenue	16,643	-
	<hr/>	<hr/>
<b>Expenses</b>		
Depreciation & amortisation	125	-
Rent & outgoing	6,818	-
Personnel costs	14,400	-
Sales promotion & advertising	83	-
Other administrative expenses	19	-
	<hr/>	<hr/>
Total expenses	21,445	-
	<hr/>	<hr/>
<b>LOSS BEFORE INCOME TAX</b>	(4,802)	-
Income tax expense	-	-
	<hr/>	<hr/>
<b>LOSS FOR THE PERIOD</b>	(4,802)	-
	<hr/> <hr/>	<hr/> <hr/>
<b>Other comprehensive loss</b>	-	-
	<hr/>	<hr/>
<b>Other comprehensive loss for the period, net of tax</b>	-	-
	<hr/>	<hr/>
<b>TOTAL COMPREHENSIVE LOSS</b>	(4,802)	-
	<hr/> <hr/>	<hr/> <hr/>

The above condensed statement of comprehensive income should be read  
in conjunction with the accompanying notes.

**HEMP HULLING CO (QLD) PTY LTD**  
**ABN 53 611 071 213**

**CONDENSED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2017**

	<b>31.12.2017</b>	<b>30.06.2017</b>
	\$	\$
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	22,218	12
Trade receivables	21,102	-
	44,320	12
<b>TOTAL CURRENT ASSETS</b>		
Property, plant & equipment	216,361	-
Accumulated depreciation	(125)	-
	216,236	-
<b>TOTAL NON CURRENT ASSETS</b>		
<b>TOTAL ASSETS</b>	260,556	12
<b>TOTAL CURRENT LIABILITIES</b>		
Trade payables	120,096	-
MCL investment advance	145,250	-
	265,346	-
<b>TOTAL LIABILITIES</b>		
<b>NET LIABILITIES</b>	(4,790)	12
<b>EQUITY</b>		
Share capital	12	12
Retained earnings	(4,802)	-
<b>TOTAL EQUITY</b>	(4,790)	12

**The above condensed statement of financial position should be read  
in conjunction with the accompanying notes.**

**HEMP HULLING CO (QLD) PTY LTD**  
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**CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2017**

	Share Capital \$	Retained Earnings \$	Total \$
<b>Balance at 1 July 2016</b>	12	-	12
Profit for the period	-	-	-
Other comprehensive income for the period	-	-	-
Total comprehensive income for the period	-	-	-
Share capital issued	-	-	-
<b>Balance at 31 December 2016</b>	<b>12</b>	<b>-</b>	<b>12</b>
<b>Balance at 1 July 2017</b>	12	-	12
Loss for the period	-	(4,802)	(4,802)
Other comprehensive loss for the period	-	-	-
Total comprehensive loss for the period	-	(4,802)	(4,802)
Share capital issued	-	-	-
<b>Balance at 31 December 2017</b>	<b>12</b>	<b>(4,802)</b>	<b>(4,790)</b>

**The above condensed statement of changes in equity should be read  
in conjunction with the accompanying notes.**

**HEMP HULLING CO (QLD) PTY LTD**  
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**CONDENSED STATEMENT OF CASH FLOWS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2017**

	<b>01.07.2017 to 31.12.2017 \$</b>	<b>01.07.2016 to 31.12.2016 \$</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from customers	18,307	-
Cash paid to suppliers	(15,670)	-
	2,637	-
<b>Net Cash from Operating Activities</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for property, plant & equipment	(125,681)	-
	(125,681)	-
<b>Net Cash from Investing Activities</b>		
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
MCL investment advance	145,250	-
	145,250	-
<b>Net Cash from Financing Activities</b>		
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	22,206	-
Cash and Cash Equivalents at the Beginning of the Financial Period	12	12
	22,218	12
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD</b>	22,218	12

**The above condensed statement of cash flows should be read  
in conjunction with the accompanying notes.**

**HEMP HULLING CO (QLD) PTY LTD**  
**ABN 53 611 071 213**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2017**

**1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

This general purpose financial report for the interim half year reporting period ended 31 December 2017 has been prepared in accordance with applicable Accounting Standards including Accounting Standard AASB 134 *Interim Financial Reporting*, Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the *Corporations Regulations 2001*.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2017.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

The company has adopted all of the new and revised Accounting Standards and Accounting Interpretations issued by the AASB that are relevant to their operations and effective for the current half-year.

**2 USE OF ESTIMATES AND JUDGEMENTS**

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

**3 EVENTS SUBSEQUENT TO THE BALANCE DATE**

On 31 January 2018, Medical Cannabis Ltd was issued Ordinary Shares equal to a 25% interest in the company. The consideration for this interest was \$4.

On 31 January 2018, Medical Cannabis was issued a Class "G" Preference Share. The consideration for this interest was \$299,996. The Class "G" Preference Share, in accordance with its issue, will be repaid with priority above all other equity interests (including before dividends) to the amount of \$300,000.

On 02 May 2018, Medical Cannabis Ltd finalized the acquiring of a further 30% interest in the company. The consideration for this interest was \$1,500,000.

There were no other significant changes in the state of affairs of the company subsequent to 31 December 2017.

**4 SEGMENT INFORMATION**

The company operates in one segment, the processing of hemp & related consumable products.

**5 COMMITMENTS AND CONTINGENCIES**

There are no commitments or contingent liabilities in existence at balance date.

**6 RELATED PARTY TRANSACTIONS**

The company paid rent of \$6,818 (2016: Nil) and personnel costs of \$14,400 (2016: Nil) to a director related entity, Organic Markets Direct, during the half year ended 31 December 2017. These transactions were at commercial rates.