LangTech International Pty Ltd ACN 149 225 972 and its controlled entities

Consolidated Financial Report for the Year Ended 30 June 2014

DIRECTORS' REPORT

Your directors present their report on the Group for the financial period ended 30 June 2014.

Directors

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

Mr Domenic Martino

Mr Timothy Lang

Mr Bill Nikolovski

Review of Operations

The Group comprises LangTech International Pty Ltd (the Company or LTI), its 100% owned subsidiaries LangTech Citrus Pty Ltd (LTC), LangTech Bottling Pty Ltd (LTB), Roxdale Foods Limited (Roxdale) (based in New Zealand), and its 33% interest in Treated Timber Remediation Pty Ltd (TTR).

LTI and Roxdale commenced operations on 29 March 2011 with the acquisition of the business owned by Lang Technologies Pty Ltd. LTC was incorporated on 6 March 2012 and commenced business in June 2012. During the financial year, LTB and TTR were incorporated to conduct the business of the bottling of juice (or co-packing) for third parties and the processing of CCA treated timber to remove copper, chromium and arsenate, respectively. LTB commenced full production on 26 May 2014, while TTR remains in start up phase.

The operations of the business include the manufacturing and sale of juices, concentrates, fibres, infused fruits, bioactives, orange oil and fruit water, the provision of co-packing services to third parties, the application of various innovative food related technologies to develop new functional food products and ingredients, and associated services and activities.

On 26 May 2014, the Company acquired the remaining 50% shareholding in LTC from its joint venture partner, Golden Circle (a subsidiary of H.J. Heinz). As part of this transaction, the Company also purchased Heinz's juicing assets located at Laverton, Heinz's bottling assets located at Mill Park and Heinz's loan provided to LTC, and entered into two significant supply agreements with Heinz for the preferred supply of juice, concentrate and purees to Heinz and the provision of co-packing services to Heinz as described later in this report. The company also entered into a loan agreement with a UK based lender, GIM Credit (Luxembourg), for $8m to facilitate the above transactions, as well as to fund the future capital and operational expenditure requirements of the business.

On 6 June 2014, the Group (excluding Roxdale and TTR) formed a tax consolidated group.

The loss of the Group for the financial year amounted to $9,698,697 (2013: $2,636,071). This loss included approximately $4,850,817 of one-off items comprising (a) $3,707,334 of non-cash, non-recurring, asset write downs, predominantly relating to the write off of installation costs at the company's Laverton facility due to the company's decision to relocate its operations from Laverton to Mill Park, (b) $546,372 of non-recurring costs associated with the above relocation, and (c) $597,111 of non-recurring transaction costs associated with the above transactions with Heinz and the UK lender.

DIRECTORS' REPORT

Principal Activities

The principal activities of the Group during the financial period were the manufacture of orange and apple not from concentrate juice (NFC), the manufacture of orange, apple and orange peel concentrate, the manufacture of fibres, purees and infused fruits, and the research and development of further product. The Group also expanded into the provision of co-packing services through the acquisition of Heinz' bottling business at Mill Park as described above.

No significant change in the nature of these activities occurred during the period, other than the acquisition of Heinz' bottling business (and associated bottling production), and the successful commercialisation of the Group's Australian juicing operations at Laverton via the sale of product to external customers and to LTB.

Events Subsequent to the End of the Reporting Period

Subsequent to balance date, (a) $5,000,000 was received from GIM Credit (Luxembourg), (b) the Company repaid the loan to convertible note holders in the amount of $187,960, and (c) the Company lodged its FY14 tax return under which it is due a cash refund of $4,104,017.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Likely Developments and Expected Results of Operations

Likely developments in the operations of the Group and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is considered speculative.

Environmental Regulation

The Group's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

Dividends

No dividends were paid or declared since the start of the financial period.

Options

No options over issued shares or interests in the company were granted during or since the end of the financial period, save for below.

The Company adopted an employee share option plan in June 2014 and the first grant under that plan is expected to occur in December 2014.

Indemnification of Officers

No indemnities have been given or insurance premiums paid, during or since the end of the financial period, for any person who is or has been an officer or auditor of the company except in respect of Directors' and Officers' Insurance.

DIRECTORS' REPORT

Proceedings on Behalf of the Company

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

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

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under s 307C of the *Corporations Act 2001* is set out on page 4.

Signed in accordance with a resolution of the Board of Directors:

Director

Timothy Lang

Dated this 28th day of November 2014

AUDITOR'S INDEPENDENCE DECLARATION UNDER S 307C OF THE CORPORATIONS ACT 2001

INTENTIONALLY LEAVE BLANK FOR AUDITOR

HALL CHADWICK
Chartered Accountants and Business Advisers

LANGTECH INTERNATIONAL PTY LTD
ABN 61 149 225 972
AND IT'S CONTROLLED ENTITIES
AUDITOR'S INDEPENDENCE DECLARATION

I declare that, to the best of my knowledge and belief, during the period ended 30 June 2014 there have been no contraventions of :

i. the auditor independence requirements; and
ii. any applicable code of professional conduct in relation to the audit.

Hall Chadwick

Hall Chadwick
Level 40, 2 Park Street
Sydney 2000

DREW TOWNSEND
Partner

Dated: 28 November 2014

SYDNEY

Level 40
2 Park Street
Sydney NSW 2000
Australia

GPO Box 3555
Sydney NSW 2001

Ph: (612) 9263 2600
Fx : (612) 9263 2800

NEWCASTLE

Ph: (612) 4969 5521
Fx : (612) 4969 6059

PARRAMATTA

Ph: (612) 9687 2100
Fx : (612) 9687 2900

PENRITH

Ph: (612) 4721 8144
Fx : (612) 9263 2800

MELBOURNE

Ph: (613) 8678 1600
Fx : (613) 8678 1699

PERTH

Ph: (618) 6557 6200
Fx : (618) 9218 8950

BRISBANE

Ph: (617) 3211 1250
Fx: (617) 3211 1249

GOLD COAST

Ph: (617) 5538 2322
Fx : (617) 5526 8599

DARWIN

Ph: (618) 8943 0645
Fx : (618) 8943 0654

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2014

	2014	2013
	$	$
Revenue	1,976,242	686,723
Cost of Sales	(2,875,347)	(311,541)
GROSS PROFIT	(899,105)	375,182
Other Income	1,405,343	956,290
Administration Expenses	(1,933,433)	(1,068,571)
Depreciation and Amortisation	(1,222,479)	(984,492)
Employment Costs	(1,827,850)	(1,103,222)
Interest Paid	(131,928)	(71,403)
Marketing Costs	(134,450)	(224,357)
Operating Costs	(701,089)	(515,498)
Relocation Costs	(546,372)	-
Loss on Asset Written Down	(3,707,334)	-
LOSS BEFORE INCOME TAX	(9,698,697)	(2,636,071)
Income Tax Expense	-	-
LOSS FROM OPERATIONS	(9,698,697)	(2,636,071)
LOSS ATTRIBUTABLE TO:		
Members of the Parent Entity	(9,698,697)	(2,636,071)
Non-controlling Interests	-	-
OTHER COMPREHENSIVE INCOME FOR THE YEAR	(9,698,697)	(2,636,071)
OTHER COMPREHENSIVE INCOME:		
Exchange Differences on Translation of Foreign Operations	(4,662)	(516)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	(9,703,359)	(2,636,587)
LOSS ATTRIBUTABLE TO:		
Members of the Parent Entity	(9,703,359)	(2,636,587)
Non-controlling Interests	-	-
	(9,703,359)	(2,636,587)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2014

	Note	2014	2013
		$	$
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents		1,035,301	1,587,773
Trade and Other Receivables	2	1,748,496	847,959
Inventories	3	935,394	25,459
Prepayments		161,261	168,885
TOTAL CURRENT ASSETS		3,880,452	2,630,076
NON-CURRENT ASSETS			
Plant and Equipment	4	10,559,085	6,389,941
Intangible Assets	5	736,702	791,408
TOTAL NON-CURRENT ASSETS		11,295,787	7,181,349
TOTAL ASSETS		15,176,240	9,811,425
LIABILITIES			
CURRENT LIABILITIES			
Trade & Other Payables	6	3,871,304	626,646
Provisions	7	122,571	78,881
Loans & Deferred Consideration Liability	8	1,587,960	500,000
Current Tax Liabilities		(38)	(33)
TOTAL CURRENT LIABILITIES		5,581,797	1,205,494
NON-CURRENT LIABILITIES			
Loans & Deferred Consideration Liability	8	11,971,646	1,293,978
Deferred Tax Liabilities	9	469,530	469,530
TOTAL NON-CURRENT LIABILITIES		12,441,176	1,763,508
TOTAL LIABILITIES		18,022,973	2,969,002
NET ASSETS/(LIABILITIES)		(2,846,733)	6,842,423
EQUITY			
Issued capital:			
8,000,000 Fully Paid Ordinary Shares		4,240,000	4,240,000
6,800,000 (2012: 6,800,000) Series A Preference Shares		6,800,000	6,800,000
Foreign Currency Translation Reserve	10	(4,662)	(14,203)
Revaluation Surplus	11	1,095,570	1,095,570
Accumulated Losses	12	(14,977,641)	(5,278,944)
		(2,846,733)	6,842,423
Non Controlling Interest		-	-
TOTAL EQUITY		(2,846,733)	6,842,423

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The directors' have prepared the financial statements on the basis that the company is a non-reporting entity because there are no users dependent on general purpose financial statements. The financial statements are therefore special purpose financial statements that have been prepared in order to meet the needs of members.

The financial statements have been prepared in accordance with the significant accounting policies disclosed below, which the directors have determined are appropriate to meet the needs of members. Such accounting policies are consistent with the previous period unless stated otherwise.

a. **Going Concern**

The financial statements have been prepared on the going concern basis, which assumes the continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

The Group incurred a net loss after income tax of $9,698,697, has a net current asset deficiency and net asset deficiency of $1,701,345 and $2,846,734 respectively for the year ended 30 June 2014. It should be noted that the net current asset deficiency is a temporary deficiency as $5,000,000 of current assets (cash) was received by the Group by August 14 as described in the events subsequent note.

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

Specifically, the directors note that:

- The operating forecast cash flows of the business are supported by the bottling business/assets and juicing assets acquired from Heinz/Golden Circle on 26 May 2014, together with supporting co-pack and preferred supplier agreements concluded with Heinz. Under the co-pack agreement, the company will bottle 100% of Heinz's Original Juice Black Label branded products, and supply the majority of Heinz's orange, apple and grapefruit scholled not from concentrate (NFC) requirements for a period of 3 years (with 2 options to renew for 1 year each). Under the preferred supplier agreement, the company will supply at least 50% of Heinz's annual Australian NFC (principally orange, apple, pear and grapefruit NFC), concentrate (principally orange, apple, pear, grapefruit, pineapple and peel concentrate), and puree (principally apple and pear) requirements for a period of 5 years. The directors believe that these agreements will provide strong free cash flow support for the Group. These arrangements also provide access to supply of peel (both orange and apple peel) which is the feedstock for the company's production of orange and apple fibre, orange peel juice concentrate and orange oil.
- Full bottling production at Mill Park commenced on 26 May 2014, with the company's Laverton's juicing operations making and supplying initial quantities of the apple juice and the company's Mill Park operations making and supplying all of the orange juice required to meet Heinz's orders of the Original Juice Black Label branded product.
- The company raised $8m debt via UK lender GIM Credit (Luxembourg) on 26 May 2014, which was drawn down to the extent of $3m by 30 June 2014 and fully drawn by August 2014. The term of the loan is 3 years and the company expects to have approximately $9m of cash at bank as at 30 June 16 (and more than $9m cash at loan maturity 12 months later).
- The company will receive a $4.1m cash refund under its FY14 consolidated tax return (lodged in November 2014) given its qualifying R&D activities under AusIndustry's R&D funding program.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. **Going Concern (continued)**

- There are reasonable prospects for the company to raise further capital should the need arise. Based on forecast cash flows, this needs is not expected to arise, although strategic growth opportunities may support consideration of new capital initiatives and an IPO could be considered to recognise inherent company value, while at the same time raising capital for new expansion opportunities (should all relevant stakeholders agree to such course).
- The assets acquired from Heinz on 26 May 2014 comprising the bottling assets located at Mill Park, Heinz's juicing assets located at Laverton, Heinz's shareholding in LTC and Heinz' loan to LTC are not required to be paid for up front, but rather over time. Specifically, the purchase price for these assets of $7,600,001 (undiscounted) will be paid for over a 3 year period as follows: for the year ending 30 June 15 (year 1), the payment will be for the greater of $500,000 and 80% of LTC's profits (plus interest on the balance outstanding); for the year ending 30 June 16 (year 2), the payment will be for the greater of $500,000 and 80% of LTC's profits (plus interest); for the year ending 30 June 17 (year 3), the payment will be for the balance of the $7,600,001 then outstanding.
- The forecast cash balance at the end of October 15 (12 months hence) is approximately $4.6M.

The directors plan to continue to expand its bottling and juicing business, while targeting opportunities to supply its other key products of fibre, infused fruits, bioactives, oil and fruit waters to new customers.

b. **Basis of Consolidation**

The consolidated financial statements comprise the financial statements of the Company and the entities it controls ("the Group'). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Accordingly, LTC, LTB, Roxdale and TTR have been consolidated in this report.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

c. **Inventories**

Inventories are measured at the lower of cost and net realisable value. The cost of manufactured inventories includes direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenses. Overheads are applied on the basis of normal operating capacity. Costs are assigned on a first-in, first-out basis.

d. **Plant and Equipment**

All property, plant and equipment except for freehold land and buildings are initially measured at cost and are depreciated over their useful lives on a diminishing value basis. Depreciation commences from the time the asset is available for its intended use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The useful lives used for each class of depreciable assets are as follows:

Class of Asset	**Useful Life**
Plant and Equipment	7 years (Diminishing Value Method)
Office Equipment	3 years (Diminishing Value Method)
Leasehold Improvements	10 years (Diminishing Value Method)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

e. **Intangibles**

Goodwill

Goodwill is initially measured at the amount by which the purchase price for a business combination exceeds the fair value attributed to the interest in the net fair value of identifiable assets, liabilities and contingent liabilities acquired at date of acquisition. Goodwill is not subject to amortisation. Goodwill is subsequently measured at cost less any impairment losses. Gains and losses on the disposal of a business include the carrying amount of goodwill relating to the business sold.

Intellectual Property

Intellectual property is recognised at cost of acquisition or when incurred. Intellectual property has a finite life and is carried at cost less any accumulated amortisation and impairment losses. Intellectual property is amortised over the life of the patents it relates to.

f. **Trade and Other Receivables**

Trade receivables are recognised initially at cost and are subsequently measured at cost less any provision for impairment. Most sales are made on the basis of normal credit terms and are not subject to interest. Where credit is extended beyond normal credit terms and is more than 12 months, receivables are discounted to their present value.

At the end of each reporting period, the carrying amounts of trade and other receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. A provision for impairment is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Other receivables include loans granted by the company and are discounted to present values using the interest rate inherent in the loan.

g. **Impairment of Assets**

At the end of each reporting period, property, plant and equipment, intangible assets and investments are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. The recoverable amount is the higher of the asset's fair value less costs to sell and the present value of the asset's future cash flows discounted at the expected rate of return. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount and an impairment loss is recognised immediately in profit or loss.

h. **Trade Payables**

Trade payables represent the liabilities for goods and services received by the company that remain unpaid at the end of the reporting period. They are recognised at their transaction price. Trade payables are subject to normal credit terms (30–60 days) and do not bear interest.

i. **Employee Benefits**

Provision is made for the company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits have been measured at the amounts expected to be paid when the liability is settled, plus any related on-costs.

j. **Provisions**

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

k. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

l. Revenue and Other Income

Revenue is measured at the value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. For this purpose, deferred consideration is not discounted to present values when recognising revenue.

Interest revenue is recognised using the effective interest method, which for floating rate financial assets is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

Revenue recognition relating to the provision of services is determined with reference to the stage of completion of the transaction at the end of the reporting period and where outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

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

Revenue from research and developments rebates are recognised in the period that the company obtains control of it and the amount of the rebate can be measured reliably.

m. Foreign Currency Transaction and Balances

Functional and Presentation Currency

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

Transactions and Balances

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

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

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

Group Companies

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

n. **Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the government. In which case the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables stated are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the Government is included with other receivables or payables in the balance sheet.

o. **Borrowing Costs**

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

p. **Income Tax**

The income tax expense (income) for the year comprises current income tax expense (income). The company does not recognise deferred tax assets.

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

q. **Comparative Figures**

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

NOTE 2: TRADE AND OTHER RECEIVABLES

	2014	2013
	$	$
CURRENT		
Trade receivables	1,741,687	617,304
Other receivables	6,809	230,655
TOTAL TRADE AND OTHER RECEIVABLES	1,748,496	847,959

NOTE 3: INVENTORIES

	2014	2013
	$	$
Work in Progress	805,207	4,147
Raw Materials	103,540	-
Finished Goods	26,647	21,312
TOTAL INVENTORIES	935,394	25,459

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 4: PLANT AND EQUIPMENT

	2014	2013
	$	$
Plant and Equipment (at Independent Valuation)	12,512,765	7,793,050
Less: accumulated depreciation	(2,026,240)	(1,437,208)
	10,486,525	6,355,842
Leasehold Improvements at cost	49,444	42,574
Less: accumulated depreciation	(22,993)	(9,439)
	25,053	33,135
Office Equipment at cost	54,945	3,809
Less: accumulated depreciation	(8,835)	(2,845)
	46,110	964
TOTAL PLANT AND EQUIPMENT	10,559,085	6,389,941

On 26 May 2014, LTI acquired Heinz's juicing assets at Laverton, together with Heinz's bottling assets at Mill Park, from Golden Circle amounting to $8.1M (based on the net present value of future payments).

NOTE 5: INTANGIBLE ASSETS

	2014	2013
	$	$
Intellectual Property	261,455	227,064
Less: Amortisation	(227,940)	(139,810)
Goodwill	702,268	702,268
Formation Expenses	919	1,886
TOTAL INTANGIBLE ASSETS	736,702	791,408

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 6: TRADE AND OTHER PAYABLES

	2014	2013
	$	$
Trade Creditors	3,028,538	571,462
Accruals and other payables	842,766	55,184
TOTAL TRADE AND OTHER PAYABLES	3,871,304	626,646

NOTE 7: PROVISIONS

	2014	2013
	$	$
CURRENT		
Annual Leave	108,408	71,878
Long Service Leave	14,164	7,003
TOTAL PROVISIONS	122,571	78,881

NOTE 8: LOANS & DEFERRED CONSIDERATION LIABILITY

	2014	2013
	$	$
CURRENT		
Loan – Golden Circle	-	500,000
Loan from Convertible Note Holders	187,960	-
Deferred Consideration Liability (b)	1,400,000	-
	1,587,960	500,000
NON-CURRENT		
Loan - Generation (a)	3,004,438	
Deferred Consideration Liability (b)	7,574,785	-
Loan – Santino	1,392,423	1,293,978
	11,971,646	1,293,978
TOTAL LOANS	13,559,606	1,793,978

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 8: LOANS (Continued)

(a) On 26 May 2014, LTI entered into a loan agreement with GIM Credit (Luxembourg) S.a.r.l. The key terms and conditions are as follows:

- The total facility is $8M. $3M was drawn down on 3 June 2014, while the remaining $5M was drawn down subsequent to balance date in July and August 2014.
- The interest rate is 12% pa of which 10% is paid in cash every quarter and 2% is capitalised.
- The repayment date of the loan and capitalised interest is three years from 26 May 2014.
- The loan is secured over all of the Group's current and future assets.

(b) On 26 May 2014, LTI acquired the remaining 50% shareholding in LTC from Golden Circle, together with Heinz's juicing assets at Laverton and Heinz' bottling assets at Mill Park (amounting to $8.1M based on the net present value of future payments) and acquired the loan Heinz provided to LTC (amounting to $1.2M). The payment for the 50% shareholding in LTC, the juicing assets located at Laverton and loan Heinz provided to LTC is based on an earn-out over a 3 year period as described in Note 1(a). The repayment of the bottling assets at Mill Park is based on a fixed payment schedule over a period of approximately 24 months. The directors have assessed approximately $1.4M will be paid out in financial year 2015, which has been reflected in the Group's cash flow forecast. On this basis, $1.4M has been classified as current.

NOTE 9: TAX

	2014	2013
	$	$
NON-CURRENT		
Deferred Tax Liabilities	469,530	469,530
	469,530	469,530

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 10: FOREIGN CURRENCY TRANSLATION RESERVE

The foreign currency translation reserve records exchange differences arising on translation of the foreign controlled subsidiary, Roxdale Foods Limited.

NOTE 11: REVALUATION SURPLUS

	2014	2013
	$	$
Opening balance for the year	-	-
Net gain on revaluation of plant and equipment – gross	1,565,100	1,565,100
Deferred tax	(469,530)	(469,530)
	1,095,570	1,095,570

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

NOTE 12: ACCUMULATED LOSSES

	2014	2013
	$	$
Accumulated losses at the beginning of the financial year	(5,278,944)	(2,642,873)
Net Loss attributable to members of the Group	(9,698,697)	(2,636,071)
Accumulated losses at the end of the financial year	(14,977,641)	(5,278,944)

NOTE 13: CONTROLLED ENTITIES

	Country of Incorporation	Percentage Owned (%)	
		2014	2013
Parent Entity:			
LangTech International Pty Ltd	Australia	-	-
Subsidiaries of LangTech International Pty Ltd:			
Roxdale Foods Limited	New Zealand	100	100
LangTech Citrus Pty Ltd	Australia	100	100
LangTech Bottling Pty Ltd	Australia	100	-
Treated Timber Remediation Pty Ltd (i)	Australia	33	-

(i) The company was a shelf company and didn't trade during the financial year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 14: LEASE COMMITMENTS

	2014	2013
	$	$
Non-cancellable operating lease commitments not capitalised in the financial statements		
Payable – minimum lease payments:		
– not later than 1 year	777,365	197,044
– later than 1 year but not later than 2 years	920,342	194,031
– later than 2 years	1,323,515	763,216

NOTE 15: CONTINGENT LIABILITIES

There are no contingent liabilities at Balance Date.

NOTE 16: EVENTS AFTER THE BALANCE SHEET DATE

Subsequent to balance date, (a) $5,000,000 was received from GIM Credit (Luxembourg), (b) the Company repaid the loan to convertible note holders in the amount of $187,960, and (c) the Company lodged its FY14 tax return under which it is due a cash refund of $4,104,017.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

NOTE 17: COMPANY DETAILS

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

20 Heaths Court

Mill Park, VIC, 3082

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of LangTech International Pty Ltd, the directors have determined that the Group is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies described in Note 1 to the financial statements.

The directors of the Group declare that:

1. The financial statements and notes, as set out on pages 4 to 16 in accordance with the *Corporations Act 2001* and:
   a. comply with Australian Accounting Standards; and
   b. give a true and fair view of the Group's financial position as at 30 June 2014 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements.
2. In the directors' opinion there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

Director ______________________________
Timothy Lang

Dated this 28th day of November 2014

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LANGTECH INTERNATIONAL PTY LTD AND ITS CONTROLLED ENTITIES

INTENTIONALLY LEAVE BLANK FOR AUDITOR

INTENTIONALLY LEAVE BLANK FOR AUDITOR

LANGTECH INTERNATIONAL PTY LTD
ABN 61 149 225 972
AND IT'S CONTROLLED ENTITIES

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LANGTECH INTERNATIONAL PTY LTD AND IT'S CONTROLLED ENTITIES

We have audited the accompanying financial report, being a special purpose financial report of LangTech International Pty Ltd and it's controlled entities (the consolidated entity) which comprises the statement of financial position as at 30 June 2014 and the statement of profit or loss and other comprehensive income for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the consolidated entity are responsible for the preparation of the financial report and have determined that the accounting policies described in Note 1 of the financial report are appropriate to meet the requirements of the consolidated entity's Constitution and are appropriate to meet the needs of the members. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view 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 consolidated entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the Australian professional ethical pronouncements.

SYDNEY

Level 40
2 Park Street
Sydney NSW 2000
Australia

GPO Box 3555
Sydney NSW 2001

Ph: (612) 9263 2600
Fx : (612) 9263 2800

NEWCASTLE

Ph: (612) 4969 5521
Fx : (612) 4969 6059

PARRAMATTA

Ph: (612) 9687 2100
Fx : (612) 9687 2900

PENRITH

Ph: (612) 4721 8144
Fx : (612) 9263 2800

MELBOURNE

Ph: (613) 8678 1600
Fx : (613) 8678 1699

PERTH

Ph: (618) 6557 6200
Fx : (618) 9218 8950

BRISBANE

Ph: (617) 3211 1250
Fx: (617) 3211 1249

GOLD COAST

Ph: (617) 5538 2322
Fx : (617) 5526 8599

DARWIN

Ph: (618) 8943 0645
Fx : (618) 8943 0654

HALL CHADWICK

LANGTECH INTERNATIONAL PTY LTD
ABN 61 149 225 972
AND IT'S CONTROLLED ENTITIES

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LANGTECH INTERNATIONAL PTY LTD AND IT'S CONTROLLED ENTITIES

Opinion

In our opinion, the financial report presented fairly, in all material respects the financial position of LangTech International Pty Ltd and it's controlled entities as at 30 June 2014 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial report.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the Group's constitution. As a result, the financial report may not be suitable for another purpose.

Hall Chadwick

Hall Chadwick
Level 40, 2 Park street
Sydney, NSW 2000

DREW TOWNSEND
Partner
Date: 28 November 2014

TRADING, PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 2014

	2014	2013
	$	$
SALES		
Revenue	1,976,242	1,643,011
	1,976,242	1,643,011
LESS COST OF GOODS SOLD		
Opening Inventories	25,459	155,208
Purchases	3,270,222	117,503
Wages and Salaries	515,060	64,289
	3,810,741	337,000
Closing Inventories	(935,394)	(25,459)
	2,875,347	311,541
GROSS PROFIT FROM TRADING	(899,105)	1,331,470
PLUS OTHER INCOME		
R&D tax concession	1,405,343	956,290
	1,405,343	956,290
LESS ADMINISTRATION, DEPRECIATION AND AMORTISATION EXPENSES		
Accounting and Payroll Preparation	524,299	423,928
Amortisation of IP	90,064	99,432
Auditors Remuneration	26,858	26,000
Bank Charges	300	7,079
Bad Debt Expense	-	63,992
Computer Maintenance	27,575	75,877
Courier Fees	22,851	42,372
Depreciation	1,132,415	885,060
File Storage	3,149	2,985
General Expenses	297,402	237,356
Insurance	191,948	33,071
Legal and Professional Costs	486,531	17,682
Printing and Stationery	4,876	8,967
Rates and Taxes	24,647	59,678
Rental Expenses	286,971	62,727
Telephone and Internet Expenses	13,021	6,857
	3,155,912	2,053,063

TRADING, PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 2014

	2014	2013
	$	$
LESS EMPLOYMENT COSTS		
Leave Accrual	31,957	6,188
Payroll Tax	31,810	9,143
Salaries and Superannuation	1,748,626	1,081,638
Staff Amenities	5,000	738
Workers Compensation Insurance	10,457	5,515
	1,827,850	1,103,222
LESS MARKETING COSTS		
Sales Consultants Fees	77,072	35,126
Travelling Expenses	57,378	189,231
	134,450	224,357
LESS OPERATING COSTS		
Cleaning and Ground Maintenance	38,015	6,675
Climate Ready Expenditure	-	2,766
Equipment Rental	61,264	21,561
Equipment Storage	-	12,790
Freight	28,416	19,494
Light & Power	50,692	29,499
Other Operating Costs	444,540	36,041
Repairs and Maintenance	78,162	399,462
	701,089	515,498
LESS INTEREST PAID		
Interest Paid	131,928	71,403
	131,928	71,403
LESS Loss on Sale of Assets		
Loss on Sale of Assets	3,707,334	-
	3,707,334	-
LESS RELOCATION COSTS		
Relocation costs	546,372	-
	546,372	-
LOSS BEFORE INCOME TAX	(9,698,697)	(2,636,071)
Income tax expense	-	-
LOSS AFTER INCOME TAX	(9,698,697)	(2,636,071)