

The Allsports Aggregated Group

Interim Special Purpose Financial Report - 31 December 2017

The Allsports Aggregated Group
Aggregated statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2017

		Aggregated	
	Note	31 December 2017	31 December 2016
		\$	\$
Revenue	2	9,893,682	9,590,268
Other income		4,039	2,692
Expenses			
Consumables used		(266,458)	(267,197)
Acquisitions costs		(61,193)	(46,321)
Employee benefits expense		(6,292,872)	(6,658,571)
Depreciation and amortisation expense		(246,596)	(106,293)
Other expenses		(755,893)	(1,076,733)
Finance costs		(37,191)	(75,992)
Marketing		(53,384)	(113,469)
Occupancy		(1,260,758)	(1,351,370)
Aggregated profit/(loss) before aggregated income tax expense		923,376	(102,986)
Aggregated income tax expense		(40,774)	(95,243)
Aggregated profit/(loss) after aggregated income tax expense for the half-year attributable to the owners of The Allsports Aggregated Group		882,602	(198,229)
Other Aggregated comprehensive income for the half-year, net of tax		-	-
Total Aggregated comprehensive income for the half-year attributable to the owners of The Allsports Aggregated Group		<u>882,602</u>	<u>(198,229)</u>

The above aggregated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

The Allsports Aggregated Group
Aggregated statement of financial position
As at 31 December 2017

		Aggregated	
		31 December	30 June 2017
	Note	2017	2017
		\$	\$
Assets			
Current assets			
Cash and cash equivalents	3	599,357	722,340
Trade and other receivables	4	306,299	322,719
Other	5	77,658	52,741
Total current assets		<u>983,314</u>	<u>1,097,800</u>
Non-current assets			
Receivables	6	-	128,990
Other financial assets		4,464	4,464
Plant and equipment	7	2,065,245	2,179,826
Intangibles	8	166,466	166,466
Total non-current assets		<u>2,236,175</u>	<u>2,479,746</u>
Total assets		<u>3,219,489</u>	<u>3,577,546</u>
Liabilities			
Current liabilities			
Trade and other payables	9	740,509	686,686
Borrowings	10	658,378	703,160
Income tax		60,182	49,029
Provisions	11	918,552	789,114
Total current liabilities		<u>2,377,621</u>	<u>2,227,989</u>
Non-current liabilities			
Borrowings	12	1,508,784	2,201,975
Provisions	13	472,695	405,905
Total non-current liabilities		<u>1,981,479</u>	<u>2,607,880</u>
Total liabilities		<u>4,359,100</u>	<u>4,835,869</u>
Aggregated net liabilities		<u>(1,139,611)</u>	<u>(1,258,323)</u>
Aggregated equity			
Issued capital		68,328	68,328
Aggregated accumulated losses		<u>(1,207,939)</u>	<u>(1,326,651)</u>
Total aggregated deficiency in equity		<u>(1,139,611)</u>	<u>(1,258,323)</u>

The above aggregated statement of financial position should be read in conjunction with the accompanying notes

The Allsports Aggregated Group
Notes to the aggregated financial statements
31 December 2017

Note 1. Significant accounting policies

Reporting Entity

Healthia Limited was incorporated on 10 May 2018 and, through its subsidiary entity Allsports (Aust) Ltd, has entered into Business Sale Agreements ('BSA's') with various related and unrelated business structures, including but not limited to family trusts, unit trusts, partnerships and private companies to acquire the business operations of independently operated Physiotherapy and other Allied Health Clinics, as part of the proposed listing process contingent on initial public offering (thereafter collectively referred to as 'The Allsports Aggregated Group' or 'The Aggregated Group'). These Aggregated Financial Statements for the interim half-year reporting period ended 31 December 2017 have been prepared for the purpose of presenting historical financial information in the prospectus to be issued by Healthia Limited and comprise The Aggregated Group. As such, these Aggregated Financial Statements have been prepared as special purpose financial statements.

The Aggregated Group is domiciled in Australia. The address of management for The Aggregated Group is Level 4 East Tower, 25 Montpelier Rd, Bowen Hills.

The Aggregated Group is for-profit and it is proposed to be primarily involved in operating physiotherapy practices throughout South East Queensland at which independent physiotherapists practice and provide clinical treatment and services to patients.

Statement of Compliance

The Aggregated Financial Statements for the interim half-year reporting period ended 31 December 2017 of the Aggregated Group have been drawn up as a special purpose financial report for distribution to the management of Healthia Ltd and does not comply with the Corporations Act 2001.

The special purpose Aggregated Financial Statements for the interim half-year reporting period ended 31 December 2017 have been prepared in accordance with the recognition and measurement aspects of all applicable Australian Accounting Standards ('AASBs') adopted by the Australian Accounting Standard Board ('AASB'), except for:

- AASB 101 Presentation of Financial Statements as the financial report does not include a Statement of Cashflows or a Statement of Changes in Equity;
- AASB 112 Income Taxes as taxes are not considered to form part of the business assets and liabilities being acquired. These rights and obligations rest with the individual owners as the business operations are being acquired and not the legal structures;
- IFRS 10 Consolidated Financial Statements as there is no single parent entity, the combination of the Aggregated Group is not a consolidation and therefore, the Aggregated Financial Statements have not been prepared on a consolidated basis.

The Aggregated Financials Statements for the interim half-year reporting period ended 31 December 2017 do not include the disclosure requirements of all AASBs.

The Aggregated Financial Statements for the interim half-year reporting period ended 31 December 2017 are presented in Australian dollars.

The Aggregated Financial Statements for the interim half-year reporting period ended 31 December 2017 were authorised for issue by management on 31 July 2018.

The Allsports Aggregated Group
Notes to the aggregated financial statements
31 December 2017

Note 1. Significant accounting policies (continued)

Going Concern

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

The Aggregated Group has a working capital deficiency of \$1.4million, and aggregated net liabilities of \$1.1 million as at 31 December 2017. The reason for the aggregated net liabilities is due to the accounting distribution of the profits of the various trust which make up the Aggregated Group.

The ability of the Aggregated Group to continue as a going concern is principally dependent deriving positive cashflows from operating activities.

Whilst the above factors give rise to a material uncertainty with respect to going concern, management believe that the going concern basis of preparation is appropriate due to the following reasons:

- The entities which make up the Aggregated Group intend to dispose of their interest in the shares or businesses, which make up the Aggregated Group, to Healthia Limited, resulting in a material change in the equity structure of the Aggregated Group.
- Subsequent to year end, the Aggregated Group continues to derive positive cashflows from operating activities.

Should the Aggregated Group be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the ordinary course of business. The financial report does not include any adjustments relating to the recoverability and classification of recorded assets amounts or the amounts or classification of liabilities and appropriate disclosures that may be necessary should the Aggregated Group be unable to continue as a going concern.

Historical cost convention

The Aggregated Financials Statements for the interim half-year reporting period ended 31 December 2017 has been prepared on an accrual basis and are based on historical costs, modified where applicable, by the measurement at fair value of selected assets, financial assets and financial liabilities.

Critical accounting estimates and judgements

The preparation of the Aggregated Financial Statements for the interim half-year reporting period ended 31 December 2017 required the use of certain critical accounting estimates. It also required management to exercise its judgement in the process of applying the Aggregated Group's accounting policies.

Principles of aggregation

A list of aggregated entities is contained in Note 14 to the financial statements. All aggregated entities have a June financial year end.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Aggregated Account 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 Aggregated Account.

The Allsports Aggregated Group
Notes to the aggregated financial statements
31 December 2017

Note 2. Revenue

	Aggregated	
	31 December 2017	31 December 2016
	\$	\$
<i>Sales revenue</i>		
Sales of services	9,500,672	9,241,823
<i>Other revenue</i>		
Dividends	3,906	2,553
Other revenue	389,104	345,892
	<u>393,010</u>	<u>348,445</u>
Revenue	<u>9,893,682</u>	<u>9,590,268</u>

Note 3. Current assets - cash and cash equivalents

	Aggregated	
	31 December 2017	30 June 2017
	\$	\$
Cash at bank	<u>599,357</u>	<u>722,340</u>

Note 4. Current assets - trade and other receivables

	Aggregated	
	31 December 2017	30 June 2017
	\$	\$
Trade receivables	81,274	59,833
GST paid	<u>225,025</u>	<u>262,886</u>
	<u>306,299</u>	<u>322,719</u>

Note 5. Current assets - other

	Aggregated	
	31 December 2017	30 June 2017
	\$	\$
Other current assets	<u>77,658</u>	<u>52,741</u>

Note 6. Non-current assets - receivables

	Aggregated	
	31 December 2017	30 June 2017
	\$	\$
Loan - Related Party	<u>-</u>	<u>128,990</u>

The Allsports Aggregated Group
Notes to the aggregated financial statements
31 December 2017

Note 7. Non-current assets - plant and equipment

	Aggregated	
	31 December	
	2017	30 June 2017
	\$	\$
Leasehold improvements - at cost	1,668,307	1,587,924
Less: Accumulated depreciation	(387,417)	(282,686)
	<u>1,280,890</u>	<u>1,305,238</u>
Plant and equipment - at cost	1,641,067	1,586,692
Less: Accumulated depreciation	(856,712)	(712,104)
	<u>784,355</u>	<u>874,588</u>
	<u><u>2,065,245</u></u>	<u><u>2,179,826</u></u>

Note 8. Non-current assets - intangibles

	Aggregated	
	31 December	
	2017	30 June 2017
	\$	\$
Goodwill - at cost	<u>166,466</u>	<u>166,466</u>

Note 9. Current liabilities - trade and other payables

	Aggregated	
	31 December	
	2017	30 June 2017
	\$	\$
Trade payables	88,920	30,180
Accruals	274,908	357,311
Other creditors	322,910	282,937
GST collected	<u>53,771</u>	<u>16,258</u>
	<u><u>740,509</u></u>	<u><u>686,686</u></u>

Note 10. Current liabilities - borrowings

	Aggregated	
	31 December	
	2017	30 June 2017
	\$	\$
Bank overdraft	-	17,003
Lease liability	<u>658,378</u>	<u>686,157</u>
	<u><u>658,378</u></u>	<u><u>703,160</u></u>

The Allsports Aggregated Group
Notes to the aggregated financial statements
31 December 2017

Note 11. Current liabilities - provisions

	Aggregated	
	31 December	30 June 2017
	2017	2017
	\$	\$
Employee benefits	843,007	734,624
Deferred lease incentives	46,932	46,932
Onerous lease	28,613	7,558
	<u>918,552</u>	<u>789,114</u>

Note 12. Non-current liabilities - borrowings

	Aggregated	
	31 December	30 June 2017
	2017	2017
	\$	\$
Loan - related party	116,340	244,819
Lease liability	1,392,444	1,957,156
	<u>1,508,784</u>	<u>2,201,975</u>

Note 13. Non-current liabilities - provisions

	Aggregated	
	31 December	30 June 2017
	2017	2017
	\$	\$
Employee benefits	102,162	91,391
Lease make good	155,328	137,471
Onerous lease	215,205	177,043
	<u>472,695</u>	<u>405,905</u>

The Allsports Aggregated Group
Notes to the aggregated financial statements
31 December 2017

Note 14. Aggregated entities

Entities included in the aggregation:

Name	Principal place of business / Country of incorporation
Allsports Physiotherapy (Indooroopilly) Pty Ltd as trustee for Allsports Physiotherapy (Indooroopilly) Unit Trust	Australia
Allsports Pilates Sherwood Pty Ltd	Australia
The Trustee for Ganter-Huber Family Trust & The Trustee for the Raiffee Trust & The Trustee for the Schembri Family Trust & The Trustee for the Michael Fernandez Services Trust	Australia
The Trustee for The Ian Ross Family Trust & The Trustee for The Katrina Kenman Family Trust	Australia
Allsports Physiotherapy Forest Lake Pty Ltd	Australia
Allsports Physiotherapy Kangaroo Point Pty Ltd as trustee for The Allsports Physiotherapy Kangaroo Point Unit Trust	Australia
Allsports Physiotherapy The Gap Pty Ltd	Australia
Allsports Physiotherapy Wavell Heights Pty Ltd	Australia
Allsports Physiotherapy Southport Pty Ltd	Australia
Allsports Physiotherapy Toowong Pty Ltd	Australia
Allsports Physiotherapy Wellington Point Pty Ltd	Australia
Q Pilates Jindalee Pty Ltd	Australia
Allsports Physiotherapy Calamvale Pty Ltd	Australia
Allsports Physiotherapy Services Pty Ltd	Australia
Physioactive (QLD) Pty Ltd as trustee for The Physioactive Trust	Australia
Mary Therese Mitchell and Christopher Tidswell as trustee for the Tidswell Family Trust, Wilma Walsh as trustee for the Wilma Walsh Family Trust, Paul Trembath Dental Pty Limited (ACN 079 107 878) as trustee for the Copley Family Trust, trading as the Extend Rehabilitation Partnership	Australia

The Allsports Aggregated Group
Directors' declaration
31 December 2017

In the opinion of management of Healthia Limited:

- the Aggregated Group comprising of the various physiotherapy and other allied health clinics as set out in Note 1 to the Aggregated Financial Statements ("the Aggregated Group") is not a reporting entity;
- The Aggregated Group's Aggregated Financial Statements and notes set out on pages 1 to 12:
 - (i) presents fairly in all material respects the Aggregated Group's financial position as at 31 December 2017 and of its performance for the financial year ended on that date;
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) to the extent described in Note 1;
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of Healthia Limited



Darren Stewart
31 July 2018

INDEPENDENT AUDITOR'S REVIEW REPORT

To the directors of Healthia Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of the Allsports Aggregated Group (the "Aggregated Group"), which comprises the aggregated statement of financial position as at 31 December 2017, the aggregated statement of profit or loss and other comprehensive income, notes comprising a statement of accounting policies and other explanatory information, and the managements' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Aggregated Group is not in accordance with the Australian Accounting Standards as described in Note 1 of the financial report, including presenting fairly in all material respects the Aggregated Group's financial position as at 31 December 2017 and of its financial performance for the half-year ended on that date.

Emphasis of matter - Material uncertainty relating to going concern

We draw attention to Note 1 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Aggregated Group's ability to continue as a going concern and therefore the Aggregated Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.

Responsibilities of management and those charged with governance for the Financial Report

Management is responsible for the preparation and fair presentation of the financial report, and have determined that the basis of preparation described in Note 1 is appropriate to meet the requirements of the Directors for the purpose of their due diligence and in relation to the Initial Public Offering, and for such internal control as management determines is necessary to enable the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the 31 December 2017 financial report is not presented fairly, in all material respects, in accordance with Australian Accounting Standards as prescribe in note 1 of the financial report. As the auditor of the Aggregated Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence 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 review of the financial report in Australia.

BDO Audit Pty Ltd



C K Henry

Director

Brisbane, 31 July 2018