

Independent Auditor's Report to the Members of Pure Foods Tasmania Pty Ltd

Opinion

We have audited the financial report, being a special purpose financial report, of the Pure Foods Tasmania Pty Ltd and its controlled entities (the Group) which comprises the balance sheet as at 30 June 2019, the profit and loss statement, and notes to the financial statements, including a summary of significant accounting policies, and the declaration by those charged with governance.

In our opinion, the accompanying financial report of the Group presents fairly, in all material respects, the financial position of the Group as at 30 June 2019, and of its financial performance for the year then ended in accordance with the accounting policies described in Note 1 to the financial statements.

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 Entity in accordance with 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.

Emphasis of Matter - Basis of Accounting

We draw attention to Note 1 to the financial report, which describes the basis of accounting used to prepare the financial report. The financial report has been prepared to assist the Group to meet the requirements of its Shareholders Agreement. As a result, this financial report may not be suitable for another purpose.

Responsibilities of the Directors for the Financial Report

The directors of the Group are responsible for the preparation and fair presentation of the financial report in accordance with the accounting policies described in Note 1, and for such internal control as management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern Liability limited by a scheme approved under Professional Standards Legislation. and using the going concern basis of accounting unless the directors either intend to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

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 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 the financial report.

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance 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.

Nick Carter Partner Wise Lord & Ferguson Date: 22/11/2019



Director's Declaration

Pure Foods Tasmania Pty Ltd & Controlled Entities For the year ended 30 June 2019

The director of the company has determined that the company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

The director of the company declares that:

- 1. The financial statements and notes, present fairly the company's financial position as at 30 June 2019 and its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements; and
- 2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the director.

Director: Ir Malcolm McAully

Director:

Mr Michael Cooper

21ST NOSEHIJER 20K



Balance Sheet

Pure Foods Tasmania Pty Ltd & Controlled Entities

As at 30 June 2019

As at 50 June 2015	NOTES	30 JUN 2019	30 JUN 2018
Assets			
Current Assets			
Cash and Cash Equivalents	2	1,388,806	95,123
Trade and Other Receivables	3	424,208	334,494
Inventories	4	181,135	151,653
GST		27,373	44,102
Other Current Assets	5	35,951	22,321
Total Current Assets		2,057,473	647,693
Non-Current Assets	50	1 07 - 121 Jackson	
Property, Plant and Equipment	6	556,436	643,651
Intangible Assets	7	1,116,402	1,090,127
Total Non-Current Assets		1,672,838	1,733,778
Total Assets		3,730,311	2,381,471
Liabilities			
Current Liabilities			
Provisions	8	97,780	92,057
Trade and Other Payables	9	397,792	365,070
Borrowings	10	47,496	56,414
Tax Liabilities	11	-	5,441
Total Current Liabilities		543,068	518,982
Non-Current Liabilities		F 440	2.26
Provisions	8	5,448	2,266
Borrowings	10	147,903	485,719
Total Non-Current Liabilities		153,351	487,985
Total Liabilities		696,419	1,006,967
Net Assets		3,033,892	1,374,504
Equity			
Share Capital	12	3,535,898	1,887,000
Retained Earnings	13	(502,006)	(512,496)
Total Equity		3,033,892	1,374,504

The accompanying notes form part of these financial statements. These statements should be read in conjunction with the attached compilation report.



Profit and Loss Statement

Pure Foods Tasmania Pty Ltd & Controlled Entities For the year ended 30 June 2019

For the year chack be build 2010	NOTES	2019	2018
Income			
Gross Trading Profit			
Sales			
Sales	8	3,789,405	3,580,782
Total Sales		3,789,405	3,580,782
Less: Cost of Goods Sold			
Purchases		1,149,136	1,550,305
Total Cost of Goods Sold		1,149,136	1,550,305
Less: Manufacturing Costs			
Direct Costs		1,091,310	787,196
Freight & Cartage		238,275	237,250
Total Manufacturing Costs		1,329,585	1,024,446
Gross Profit from Trading		1,310,684	1,006,031
Other Income		11 No. 41	
Interest Received		589	3
Subsidies & Grants		25,014	49,764
Insurance Recoveries		3,699	5,443
Miscellaneous Income		901	15,249
Total Other Income		30,203	70,459
Total Income		1,340,887	1,076,490
Total Income		1,340,887	1,076,490
Expenses			
Accountancy, Advisory & Bookkeeping Fees		57,813	59,270
Advertising		40,045	85,490
Audit Fees		8,000	8,000
Bad Debts Written Off		3,023	29,600
Bank Charges		4,828	3,669
Borrowing Costs		315	115
Cleaning		15,967	20,265
Computer Expenses		9,195	8,277
Depreciation		94,991	160,541
Directors' Fees		37,500	37,500
Directors Share Issues		42,498	42,500
Electricity		52,030	59,382
Entertainment Expenses		222	3,677
Hire of Plant & Equipment		2,600	2,443
Insurance		81,955	72,070
Interest Paid		37,845	28,935

The accompanying notes form part of these financial statements. These statements should be read in conjunction with the attached compilation report.

Profit and Loss Statement



	NOTES 2	019	2018
Laboratory Testing	3,	202	13,710
Legal Costs	4,	045	20,973
Management Fees	27,	000	
Motor Vehicle Expenses	30,	401	28,155
Permits, Licences & Fees	6,	094	6,033
Pest Control	2,	164	2,610
Postage	25	744	422
Printing & Stationery	4,	415	9,503
Product Development	1,	316	2,488
Protective Clothing	9,	650	11,140
Provision for Leave	8,	905	57
Quality Assurance	26,	268	24,668
Rates & Taxes	2,	802	3,273
Rent	90,	791	90,364
Repairs & Maintenance	29,	105	53,923
Rubbish & Waste Removal	10,	462	15,644
Security Costs		747	910
Small Asset Purchases	2,	694	4,632
Staff, Employment and IR Advice	15,	731	51,238
Subscription	6,	147	7,039
Sundry Expenses	8,	770	11,706
Superannuation Contributions	44,	316	34,110
Telephone	13,	777	14,906
Travelling Expenses	38,	887	55,749
Wages	451,	785	491,066
Total Expenses	1,329,	045	1,576,053
rofit / (Loss) before Taxation	11,	842	(499,563
et Profit / (Loss) After Tax	11,	842	(499,563)

The accompanying notes form part of these financial statements. These statements should be read in conjunction with the attached compilation report.



Notes to the Financial Statements

Pure Foods Tasmania Pty Ltd & Controlled Entities For the year ended 30 June 2019

1. Statement of Significant Accounting Policies

The director has determined that the company is not a reporting entity and accordingly, this financial report is a special purpose report prepared for the sole purpose of distributing a financial report to members and must not be used for any other purpose. The director has determined that the accounting policies adopted are appropriate to meet the needs of the members.

The financial report has been prepared on an accrual basis and under the historical cost convention, except for certain assets, which, as noted, have been written down to fair value as a result of impairment. Unless otherwise stated, the accounting policies adopted are consistent with those of the prior year.

The accounting policies that have been adopted in the preparation of the statements are as follows:

Income Tax

The income tax expense for the year comprises current income tax expense. The company does not apply deferred tax. Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at 30 June 2019. Current tax liabilities are therefore measured at the amounts expected to be paid to the relevant taxation authority.

Inventories

Inventories are carried at the lower of cost or net realisable value. The cost of manufactured products includes direct materials, direct labour and an appropriate portion of variable and fixed overheads. Overheads are applied on the basis of normal operating capacity. Costs are assigned on a first-in first-out basis.

Property, Plant and Equipment

Property, plant and equipment is initially recorded at the cost of acquisition or fair value less, if applicable, any accumulated depreciation and impairment losses. Plant and equipment that has been contributed at no cost, or for nominal cost, is valued and recognised at the fair value of the asset at the date it is acquired. The plant and equipment is reviewed annually by directors to ensure that the carrying amount is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the utilisation of the assets and the subsequent disposal. The expected net cash flows have been discounted to their present values in estimating recoverable amounts.

Freehold land and buildings are measured at their fair value, based on periodic, but at least triennial, valuations by independent external valuers, less subsequent depreciation for buildings.

Increases in the carrying amount of land and buildings arising on revaluation are credited in equity to a revaluation surplus. Decreases against previous increases of the same asset are charged against fair value reserves in equity. All other decreases are charged to profit or loss.

Any accumulated depreciation at the date of revaluation is offset against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Intangibles

Goodwill is recognised as the excess of the purchase price for a business acquired over the fair value of the net assets at the date of acquisition. Goodwill is assessed for impairment annually and is carried at cost less accumulated impairment losses.

Other intangibles

Trademarks, business acquisition costs, formation costs and the Salamanca Stall, have been recognised and recorded in the Balance Sheet of the group at time of acquisition.



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 that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability,consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cashflows are discounted using market yields on high quality corporate bond rates incorporating bonds rated AAA or AA by credit agencies, with terms to maturity that match the expected timing of cash flows. Changes in the measurement of the liability are recognised in profit or loss.

Trade and Other Receivables

Trade receivables and other receivables, including distributions receivable, are recognised at the nominal transaction value without taking into account the time value of money. If required a provision for doubtful debt has been created.

Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by the company that remain unpaid at 30 June 2019. Trade payables are recognised at their transaction price. They are subject to normal credit terms and do not bear interest.

Provisions

Provisions are recognised when the entity has a legal or constructive obligation resulting from past events, for which it is probable that there will be an outflow of economic benefits and that outflow can be reliably measured. Provisions are measured using the best estimate available of the amounts required to settle the obligation at the end of the reporting period.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held on call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Revenue Recognition

Revenue from the sale of goods is recognised upon the delivery of goods to customers. Revenue from the rendering of services is recognised upon the delivery of the services to customers. Revenue from commissions is recognised upon delivery of services to customers. Revenue from interest is recognised using the effective interest rate method. Revenue from dividends is recognised when the entity has a right to receive the dividend.

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

Goods and Services Tax

Transactions are recognised net of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the balance sheet.

s. - 1

.



	2019	2018
2. Cash and Cash Equivalents		
Bank Accounts		
Cash at Bank	1,388,683	94,323
Total Bank Accounts	1,388,683	94,323
Other Cash Items		
Deposits	123	800
Total Other Cash Items	123	800
Total Cash and Cash Equivalents	1,388,806	95,123
	2019	2018
3. Trade and Other Receivables		4
Current		
Other Debtors	1,210	617
Trade Debtors	422,998	333,877
Total Current	424,208	334,494
Total Trade and Other Receivables	424,208	334,494
	2019	2018
4. Inventories		
Stock on Hand	181,135	151,653
Total Inventories	181,135	151,653
	2019	2018
5. Other Assets		
Current		
Prepayments	35,046	21,161
Prepaid Borrowing Expenses	1,275	1,275
Less: Amortisation	(370)	(115)
Total Current	35,951	22,321
Total Other Assets	35,951	22,321
	2019	2018
6. Property Plant and Equipment		
Land and Buildings		
Buildings	326,583	325,074
Less: Accumulated Depreciation	(18,548)	(10,407)
Total Land and Buildings	308,035	314,667
Plant and Equipment	563,684	530,644
Plant & Equipment	503,684	550,044

....

P 4



Less: Accumulated Depreciation	(340,095)	(232,895)
Motor Vehicles	51,339	51,339
Less: Accumulated Depreciation	(28,415)	(23,125
Low Value Pool	9,518	12,23
Less: Accumulated Depreciation	(7,630)	(9,216
Total Plant and Equipment	248,401	328,984
Total Property Plant and Equipment	556,436	643,651
	2019	2018
7. Intangible Assets		
Goodwill		
Goodwill	997,095	997,094
Total Goodwill	997,095	997,094
Other Intangible Assets		
Business Acquisition Costs	39,822	39,822
Facility Setup Costs	26,275	7
Formation Expenses	3,776	3,77
Patents & Trademarks	6,522	6,52
Salamanca Stall	42,912	42,91
Total Other Intangible Assets	119,307	93,03
Total Intangible Assets	1,116,402	1,090,12
5	2019	201
3. Provisions		
Current		
Provision for Annual Leave	61,905	61,108
Provision for Long Service Leave	35,875	30,94
Total Current	97,780	92,05
Non Current		PRODUCT
Provision for Long Service Leave	5,448	2,26
Total Non Current	5,448	2,26
Total Provisions	103,228	94,32
	2019	201
9. Trade and Other Payables		
Current	Sis versaar	213 Anna
Accrued Expenses	13,565	18,87
	FF 201	46,12
PAYGW Payable	55,361	40,122

Notes to the Financial Statements



Trade Creditors	295,943	259,004
Total Current	397,792	365,070
Total Trade and Other Payables	397,792	365,070
	2019	201
0. Borrowings		
Current		
Hire Purchase Liabilities	16,400	20,68
Less: Unexpired Interest	(1,511)	(2,459
Loans - Bank	17,294	23,05
Less: Unexpired Interest	(1,411)	(2,447
Insurance Loan	17,143	17,95
Less: Unexpired Interest	(419)	(367
Total Current	47,496	56,41
Non Current		
Hire Purchase Liabilities	92,932	117,20
Less: Unexpired Interest	(8,562)	(13,93
Loans - Bank	69,177	92,24
Less: Unexpired Interest	(5,644)	(9,78
Loan - J G Lewis Trust No 2	5	200,00
Loan - Krisami Investments	0 7	100,00
Total Non Current	147,903	485,71
Total Borrowings	195,399	542,13
	2019	201
1. Tax Liabilities		
Provision for Income Tax	-	5,44
Total Tax Liabilities		5,44
	2019	201
.2. Reserves & Share Capital		
Share Capital		
Share Issue	3,541,398	1,892,50
Capital Raising Costs	(5,500)	(5,50
Total Share Capital	3,535,898	1,887,00
Total Reserves & Share Capital	3,535,898	1,887,00
	2019	20:
13. Retained Earnings		
Retained Earnings		
Retained Earnings	(513,848)	(12,93

Notes to the Financial Statements

v *

-



	2019	2018
Current Year Earnings	11,842	(499,563)
Total Retained Earnings	(502,006)	(512,496)
Total Retained Earnings	(502,006)	(512,496)