

Thrive Collective Pty Ltd

ABN 29 155 909 970

FINANCIAL REPORT

For the year ended 30 June 2016

Thrive Collective Pty Ltd

ABN 29 155 909 970

FINANCIAL REPORT

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Thrive Collective Pty Ltd

ABN 29 155 909 970

INCOME STATEMENT

For the year ended 30 June 2016

| | Note | 2016 \$ | 2015 \$ |
|---|------|--------------------|--------------------|
| Sales revenue | 2 | 9,571,045 | 7,351,457 |
| Cost of sales | 3 | <u>(3,903,234)</u> | <u>(2,959,745)</u> |
| Gross profit | | 5,667,811 | 4,391,712 |
| Office maintenance expenses | 4 | (545,282) | (479,954) |
| Administrative expenses | 5 | (756,703) | (747,451) |
| Selling expenses | 6 | (209,853) | (415,548) |
| Other operating expenses | 7 | (1,332,947) | (844,737) |
| Personnel expenses | 8 | (4,316,661) | (3,425,241) |
| Depreciation and amortisation expenses | 9 | (635,442) | (244,266) |
| Other income | 10 | 9,753 | 127,603 |
| Interest and extraordinary items | 11 | (57,214) | (96,922) |
| LOSS FROM ORDINARY ACTIVITIES BEFORE INCOME TAX | | <u>(2,176,537)</u> | <u>(1,734,804)</u> |
| Income tax - R&D Tax offset | | <u>(388,788)</u> | <u>(383,752)</u> |
| LOSS FROM ORDINARY ACTIVITIES AFTER INCOME TAX | | <u>(1,787,749)</u> | <u>(1,351,052)</u> |
| Accumulated loss at the beginning of the financial year | | <u>(2,369,490)</u> | <u>(1,018,438)</u> |
| TOTAL AVAILABLE FOR APPROPRIATION | | <u>(4,157,239)</u> | <u>(2,369,490)</u> |

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

Thrive Collective Pty Ltd

ABN 29 155 909 970

BALANCE SHEET

As at 30 June 2016

| | Note | 2016 \$ | 2015 \$ |
|--------------------------------------|------|------------------|------------------|
| CURRENT ASSETS | | | |
| Inventory | 12 | 150,775 | 181,017 |
| Receivables | 13 | 46,608 | 43,782 |
| Cash assets | 14 | 1,797,720 | 113,641 |
| Other assets | 15 | 3,341 | 6,841 |
| TOTAL CURRENT ASSETS | | 1,998,444 | 345,281 |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 16 | 1,943,395 | 1,528,803 |
| Intangible assets | 17 | 611,397 | 420,352 |
| Other financial assets | 18 | 475,435 | 343,202 |
| TOTAL NON-CURRENT ASSETS | | 3,030,227 | 2,292,357 |
| TOTAL ASSETS | | 5,028,672 | 2,637,638 |
| CURRENT LIABILITIES | | | |
| Payables | 19 | 270,060 | 383,322 |
| Interest bearing liabilities | 20 | 196,149 | - |
| Provisions | 21 | (249,335) | (271,794) |
| Personnel-related items | 22 | 265,186 | 238,681 |
| Tax liabilities | 23 | 19,634 | 107,931 |
| Other current liabilities | 24 | 191,397 | 94,517 |
| TOTAL CURRENT LIABILITIES | | 693,091 | 552,657 |
| NON-CURRENT LIABILITIES | | | |
| Interest bearing liabilities | 20 | 88,812 | 1,700,460 |
| TOTAL NON-CURRENT LIABILITIES | | 88,812 | 1,700,460 |
| TOTAL LIABILITIES | | 781,903 | 2,253,117 |
| NET ASSETS | | 4,246,769 | 384,521 |
| EQUITY | | | |
| Accumulated losses | | (4,157,241) | (2,369,489) |
| Other equity | 25 | 8,404,010 | 2,754,010 |
| TOTAL EQUITY | | 4,246,769 | 384,521 |

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

Thrive Collective Pty Ltd
ABN 29 155 909 970
TRADING, PROFIT AND LOSS STATEMENT
For the year ended 30 June 2016

| | 2016 \$ | 2015 \$ |
|----------------------------------|------------------|------------------|
| SALES | | |
| Sales | 9,571,045 | 7,351,457 |
| | 9,571,045 | 7,351,457 |
| LESS COST OF GOODS SOLD | | |
| Opening inventories | 181,017 | 53,165 |
| Purchases: | | |
| Food & supplements | 3,575,454 | 2,888,911 |
| Packaging | 34,235 | 20,707 |
| Discounts & promotions | 263,303 | 177,979 |
| | 3,872,992 | 3,087,597 |
| Closing inventories | (150,775) | (181,017) |
| | 3,903,234 | 2,959,745 |
| GROSS PROFIT FROM TRADING | 5,667,811 | 4,391,712 |
| INCOME | | |
| Interest received | 9,659 | 2,637 |
| Other income | 94 | 124,966 |
| | 9,753 | 127,603 |
| EXPENDITURE | | |
| Accounting & bookkeeping | 236,515 | 196,894 |
| Advertising & marketing | 92,765 | 296,866 |
| Amortisation | 58,657 | 33,612 |
| Annual leave expense | 27,495 | 31,092 |
| Bank charges | 94,864 | 69,044 |
| Cleaning | 279,463 | 307,028 |
| Computer expenses | 48,080 | 8,286 |
| Consulting fees | 143,116 | 235,542 |
| Depreciation | 306,085 | 210,654 |
| Donation | 172 | 1,165 |
| Dues and subscriptions | 28,337 | 10,957 |
| Electricity | 128,345 | 57,192 |
| Entertainment | 9,071 | 9,714 |
| Fines and penalties | 4,443 | - |
| Insurance | 81,966 | 97,691 |
| Interest expense | 57,214 | 96,922 |
| Legal services | 41,567 | 30,729 |
| Loss on disposal of assets | 270,700 | - |
| Office & general expenses | 47,621 | 92,754 |
| Parking | 2,350 | 4,423 |
| Payroll tax | 85,289 | 129,488 |
| Postage, printing and stationery | 60,389 | 48,453 |

These statements should be read in conjunction with the attached compilation report.

Thrive Collective Pty Ltd
ABN 29 155 909 970
TRADING, PROFIT AND LOSS STATEMENT
For the year ended 30 June 2016

| | 2016 \$ | 2015 \$ |
|---|--------------------|--------------------|
| Product development | 25,768 | 7,007 |
| Recruitment fees | 73,084 | 67,514 |
| Rental expenses | 1,302,564 | 836,565 |
| Repairs and maintenance | 55,508 | 18,043 |
| Staff amenities | 15,049 | 24,747 |
| Superannuation | 345,038 | 262,927 |
| Telephone, mobile and fax | 56,214 | 54,792 |
| Travel | 105,667 | 104,545 |
| Wages | 3,770,706 | 2,909,473 |
| | 7,854,101 | 6,254,119 |
| LOSS FROM ORDINARY ACTIVITIES BEFORE INCOME TAX | (2,176,537) | (1,734,804) |
| Income tax - R&D Tax offset | (388,788) | (383,752) |
| LOSS FROM ORDINARY ACTIVITIES AFTER INCOME TAX | (1,787,749) | (1,351,052) |
| Accumulated loss at the beginning of the financial year | (2,369,490) | (1,018,438) |
| TOTAL AVAILABLE FOR APPROPRIATION | (4,157,239) | (2,369,490) |

These statements should be read in conjunction with the attached compilation report.

Thrive Collective Pty Ltd
ABN 29 155 909 970
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

2016 2015
 \$ \$

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

- a. This financial report is a special purpose financial report prepared for use by directors and members of the company. The directors have determined that the company is not a reporting entity.

The financial report has been prepared in accordance with the requirements of the following Australian Accounting Standards:

AASB 1031: Materiality
AASB 110: Events after the Balance Sheet Date

The financial report is prepared on an accruals basis and is based on historic costs and does not take into account changing money values or, except where specifically stated, current valuations of non-current assets.

The following specific accounting policies, which are consistent with the previous period unless otherwise stated, have been adopted in the preparation of this report:

b. Property, Plant and Equipment

Property, plant and equipment are carried at cost, independent or directors' valuation. All assets, excluding freehold land and buildings, are depreciated over their useful lives to the company.

c. Inventories

Inventories are measured at the lower of cost and net realisable value. Costs are assigned on a first-in first-out basis and include direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenses.

NOTE 2: SALES REVENUE

| | | |
|-------|-----------|-----------|
| Sales | 9,571,045 | 7,351,457 |
|-------|-----------|-----------|

NOTE 3: COST OF SALES

| | | |
|------------------------|-----------|-----------|
| Opening stock | 181,017 | 53,165 |
| Purchases: | | |
| Food & supplements | 3,575,454 | 2,888,911 |
| Packaging | 34,235 | 20,707 |
| Discounts & promotions | 263,303 | 177,979 |
| | 3,872,992 | 3,087,597 |
| Closing stock | (150,775) | (181,017) |
| | 3,903,234 | 2,959,745 |

NOTE 4: OFFICE MAINTENANCE EXPENSES

| | | |
|-------------|---------|---------|
| Cleaning | 279,463 | 307,028 |
| Electricity | 128,345 | 57,192 |
| Insurance | 81,966 | 97,691 |

These notes should be read in conjunction with the attached compilation report.

Thrive Collective Pty Ltd
ABN 29 155 909 970
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

| | 2016 \$ | 2015 \$ |
|-------------------------|------------|------------|
| Repairs and maintenance | 55,508 | 18,043 |
| | 545,282 | 479,954 |

NOTE 5: ADMINISTRATIVE EXPENSES

| | | |
|----------------------------------|---------|---------|
| Accounting & bookkeeping | 236,515 | 196,894 |
| Bank charges | 94,864 | 69,044 |
| Computer expenses | 48,080 | 8,286 |
| Consulting fees | 143,116 | 235,542 |
| Dues and subscriptions | 28,337 | 10,957 |
| Legal services | 41,567 | 30,729 |
| Office & general expenses | 47,621 | 92,754 |
| Postage, printing and stationery | 60,389 | 48,453 |
| Telephone, mobile and fax | 56,214 | 54,792 |
| | 756,703 | 747,451 |

NOTE 6: SELLING EXPENSES

| | | |
|-------------------------|---------|---------|
| Advertising & marketing | 92,765 | 296,866 |
| Entertainment | 9,071 | 9,714 |
| Parking | 2,350 | 4,423 |
| Travel | 105,667 | 104,545 |
| | 209,853 | 415,548 |

NOTE 7: OTHER OPERATING EXPENSES

| | | |
|---------------------|-----------|---------|
| Donation | 172 | 1,165 |
| Fines and penalties | 4,443 | - |
| Product development | 25,768 | 7,007 |
| Rental expenses | 1,302,564 | 836,565 |
| | 1,332,947 | 844,737 |

NOTE 8: PERSONNEL EXPENSES

| | | |
|----------------------|-----------|-----------|
| Annual leave expense | 27,495 | 31,092 |
| Payroll tax | 85,289 | 129,488 |
| Recruitment fees | 73,084 | 67,514 |
| Staff amenities | 15,049 | 24,747 |
| Superannuation | 345,038 | 262,927 |
| Wages | 3,770,706 | 2,909,473 |
| | 4,316,661 | 3,425,241 |

NOTE 9: DEPRECIATION AND AMORTISATION EXPENSES

| | | |
|----------------------------|---------|---------|
| Loss on disposal of assets | 270,700 | - |
| Depreciation | 306,085 | 210,654 |
| Amortisation | 58,657 | 33,612 |
| | 635,442 | 244,266 |

These notes should be read in conjunction with the attached compilation report.

Thrive Collective Pty Ltd
ABN 29 155 909 970
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

| | 2016 \$ | 2015 \$ |
|---|------------|------------|
| NOTE 10: OTHER INCOME | | |
| Interest received | 9,659 | 2,637 |
| Other income | 94 | 124,966 |
| | 9,753 | 127,603 |
| NOTE 11: OTHER EXPENSES | | |
| Interest expense | 57,214 | 96,922 |
| NOTE 12: INVENTORY | | |
| Inventory | 150,775 | 181,017 |
| NOTE 13: RECEIVABLES | | |
| Accrued income | 43,999 | 26,856 |
| Other debtors | - | 13,348 |
| Trade debtors | 2,610 | 3,578 |
| | 46,608 | 43,782 |
| NOTE 14: CASH ASSETS | | |
| Cash on hand | 9,600 | 5,000 |
| Bank overdraft - Head office | - | 71,881 |
| Bank account - Retail | 70,226 | 35,190 |
| Bank account - Corporate high yield | 2,821 | 1,568 |
| Bank account - Cash reserve | 1,715,073 | 2 |
| | 1,797,720 | 113,641 |
| NOTE 15: OTHER ASSETS | | |
| Prepayments | 3,341 | 6,841 |
| NOTE 16: PROPERTY, PLANT AND EQUIPMENT | | |
| Motor vehicles at cost | 63,571 | - |
| Less accumulated depreciation | (2,434) | - |
| Property, plant & equipment - Canberra store | 502,891 | 495,532 |
| Less accumulated depreciation | (152,146) | (104,710) |
| Lease incentive - Canberra | (150,000) | (150,000) |
| Property, plant & equipment - MLC store | 498,993 | 349,599 |
| Less accumulated depreciation | (90,684) | (64,236) |
| Lease incentive - MLC | (100,000) | (100,000) |
| Property, plant & equipment - Melbourne store | 524,900 | 519,890 |
| Less accumulated depreciation | (98,583) | (46,808) |
| Lease incentive - Melbourne | (135,859) | (135,859) |
| Property, plant & equipment - Head office | 15,306 | 10,463 |
| Less accumulated depreciation | (7,756) | (3,324) |

These notes should be read in conjunction with the attached compilation report.

Thrive Collective Pty Ltd

ABN 29 155 909 970

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2016

| | 2016 \$ | 2015 \$ |
|--|------------------|------------------|
| Property, plant & equipment - Brisbane store | 440,922 | 432,847 |
| Less accumulated depreciation | (87,418) | (47,494) |
| Lease incentive - Brisbane Store | (158,608) | (158,608) |
| Property, plant & equipment - WF Sydney store | 431,602 | 410,188 |
| Less accumulated depreciation | (70,228) | (33,927) |
| Lease incentive - WF Sydney Store | (150,000) | (150,000) |
| Property, plant & equipment - Macquarie store | - | 502,268 |
| Less accumulated depreciation | - | (39,843) |
| Lease incentive - Macquarie Store | - | (157,175) |
| Property, plant & equipment - Greenwood store | 391,696 | - |
| Less accumulated depreciation | (25,768) | - |
| Lease incentive - Greenwood | (171,667) | - |
| Property, plant & equipment - Collins St store | 261,509 | - |
| Less accumulated depreciation | (2,941) | - |
| Property, plant & equipment - Australia Square store | 335,119 | - |
| Less accumulated depreciation | (9,198) | - |
| Lease incentive - Australia Square | (168,500) | - |
| Property, plant & equipment - Wintergarden store | 4,500 | - |
| Less accumulated depreciation | (144) | - |
| Property, plant & equipment - Chadstone store | 27,650 | - |
| Less accumulated depreciation | (377) | - |
| Property, plant & equipment - Brookvale office | 34,809 | - |
| Less accumulated depreciation | (10,744) | - |
| Property, plant & equipment - Warringah Mall store | 3,000 | - |
| Less accumulated depreciation | (19) | - |
| | <u>1,943,395</u> | <u>1,528,803</u> |

NOTE 17: INTANGIBLE ASSETS

| | | |
|-------------------------------|----------------|----------------|
| Formation & capital costs | 246,321 | 20,894 |
| Less accumulated amortisation | (59,522) | (10,258) |
| Borrowing costs | 7,399 | 2,971 |
| Less accumulated amortisation | (2,373) | (1,239) |
| Website | 31,813 | 15,713 |
| Less accumulated depreciation | (13,545) | (7,899) |
| Trademarks | 401,303 | 400,170 |
| | <u>611,397</u> | <u>420,352</u> |

NOTE 18: OTHER FINANCIAL ASSETS

| | | |
|---------------------------|--------|--------|
| Deposit - MLC store | 92,377 | 91,781 |
| Deposit - Canberra store | 47,428 | 46,063 |
| Deposit - Melbourne store | 50,844 | 49,801 |
| Deposit - WF Sydney store | 45,362 | 43,766 |

These notes should be read in conjunction with the attached compilation report.

Thrive Collective Pty Ltd

ABN 29 155 909 970

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2016

| | 2016 | 2015 |
|----------------------------------|----------------|----------------|
| | \$ | \$ |
| Deposit - Brisbane store | 33,000 | 33,000 |
| Deposit - Macquarie store | 54,541 | 53,738 |
| Deposit - Brookvale store | 24,462 | - |
| Deposit - Collins St store | 47,025 | - |
| Deposit - Australia Square store | 39,830 | - |
| Deposit - Greenwood store | 30,216 | - |
| Deposit - Silverchef | 10,350 | 10,350 |
| Prepaid fitout costs | - | 14,703 |
| | <u>475,435</u> | <u>343,202</u> |

NOTE 19: PAYABLES

| | | |
|--------------------------------------|----------------|----------------|
| Trade creditors | 270,060 | 352,095 |
| Interest payable - Convertible notes | - | 31,227 |
| | <u>270,060</u> | <u>383,322</u> |

NOTE 20: INTEREST BEARING LIABILITIES

| | | |
|---|----------------|------------------|
| Chattel mortgage (car) - Current | 16,604 | - |
| Less unexpired interest charges - Current | (5,276) | - |
| Chattel mortgage (car) - Non current | 64,132 | - |
| Less unexpired interest charges - Non current | (7,062) | - |
| Loan - Ross Lane | - | 750,000 |
| Loan - Silverchef | - | 115,460 |
| Loan - Flexirent | 31,742 | - |
| Convertible notes | - | 835,000 |
| Bank overdraft - Head office | 184,821 | - |
| | <u>284,962</u> | <u>1,700,460</u> |

NOTE 21: PROVISIONS

| | | |
|----------------------------|------------------|------------------|
| Provision for annual leave | 139,453 | 111,958 |
| Provision for income tax | (388,788) | (383,752) |
| | <u>(249,335)</u> | <u>(271,794)</u> |

NOTE 22: PERSONNEL-RELATED ITEMS

| | | |
|--------------------------|----------------|----------------|
| PAYG withholding payable | 83,840 | 135,397 |
| Superannuation payable | 181,345 | 103,284 |
| | <u>265,186</u> | <u>238,681</u> |

NOTE 23: TAX LIABILITIES

| | | |
|-----|--------|---------|
| GST | 19,634 | 107,931 |
|-----|--------|---------|

NOTE 24: OTHER LIABILITIES

| | | |
|--------------------------|---------|--------|
| Accrued expenses - Wages | 135,314 | 18,000 |
|--------------------------|---------|--------|

These notes should be read in conjunction with the attached compilation report.

Thrive Collective Pty Ltd
ABN 29 155 909 970
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2016

| | 2016 | 2015 |
|----------------------------------|-----------|-----------|
| | \$ | \$ |
| Accrued expenses - Payroll tax | 32,124 | 76,517 |
| Accrued expenses - Other | 23,959 | - |
| | 191,397 | 94,517 |
| NOTE 25: OTHER EQUITY | | |
| Issued capital | 8,404,010 | 2,754,010 |

These notes should be read in conjunction with the attached compilation report.

Thrive Collective Pty Ltd

ABN 29 155 909 970

DIRECTORS' DECLARATION

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

The directors of the company declare that:

1. the financial statements and notes attached present fairly the company's financial position as at 30/06/2016 and 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 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 Board of Directors:

Director : _____
Neil Livingstone

Dated :

Thrive Collective Pty Ltd

ABN 29 155 909 970

COMPILATION REPORT

Scope

On the basis of information provided by the directors of Thrive Collective Pty Ltd , we have compiled in accordance with APES 315: *Compilation of Financial Information* the special purpose financial report of Thrive Collective Pty Ltd for the period ended 30/06/2016.

The specific purpose for which the special purpose financial report has been prepared is set out in Note 1. The extent to which Accounting Standards and other mandatory professional reporting requirements have or have not been adopted in the preparation of the special purpose financial report is set out in Note 1.

The directors are solely responsible for the information contained in the special purpose financial report and have determined that the accounting policies used are consistent with the financial reporting requirements of Thrive Collective Pty Ltd constitution and are appropriate to meet the needs of the directors and members of the company.

Our procedures use accounting expertise to collect, classify and summarise the financial information, which the directors provided into a financial report. Our procedures do not include verification or validation procedures. No audit or review has been performed and accordingly no assurance is expressed.

To the extent permitted by law, we do not accept liability for any loss or damage which any person, other than the company, may suffer arising from any negligence on our part. No person should rely on the special purpose financial report without having an audit or review conducted.

The special purpose financial report was prepared for the benefit of the directors and members of Thrive Collective Pty Ltd and the purpose identified above. We do not accept responsibility to any other person for the contents of the special purpose financial report.

Armstrong Dawson Pty Limited
Business Advisers & Accountants

Gregory Will
Principal

Date:

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