

# **ALTHEA GROUP HOLDINGS LIMITED**

**ACN: 626 966 943**

**Financial Report For The Period Ended  
30 June 2018**

# ALTHEA GROUP HOLDINGS LIMITED

ACN: 626 966 943

## Financial Report For The Period Ended 30 June 2018

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**ALTHEA GROUP HOLDINGS LIMITED ACN: 626 966 943**  
**DIRECTORS' REPORT**

Your directors present their report on the entity Althea Group Holdings Limited for the financial period ended 30 June 2018.

**General Information**

**Directors**

The following persons were directors of Althea Group Holdings Limited during or since the end of the financial period up to the date of this report:

Philip Andrew Newbold appointed (21/07/2018)

Joshua Fegan appointed (21/07/2018)

Alan Boyd appointed (21/07/2018)

Gregg Battersby appointed (21/07/2018)

Particulars of each Director's experience and qualifications are set out later in this report.

**Dividends Paid or Recommended**

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

**Indemnifying Officers or Auditor**

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

**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 period.

**Non-audit Services**

The Board of Directors, in accordance with advice from the audit committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

**Auditor's Independence Declaration**

The lead auditor's independence declaration for the period ended 30 June 2018 has been received and can be found on page 3 of the Financial Report.

**Options**

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

**ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191**

The Company is an entity to which *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* applies and, accordingly, amounts in the directors' report have been rounded to the nearest thousand dollars.

**Information relating to Directors and Company Secretary**

Philip Andrew Newbold	—	Chairman
Qualifications	—	LLB / Bec
Experience	—	Practising Lawyer for 20 years at a large Commercial firm
Interest in Shares and Options	—	Nil
Special Responsibilities	—	Nil
Directorships held in other listed entities during the three years prior to the current year	—	Nil
Joshua Fegan	—	Director / CEO
Qualifications	—	B Bus ( Management and Marketing)
Experience	—	Sales and Marketing Manager - Strathfield Group
Interest in Shares and Options	—	1 share
Special Responsibilities	—	CEO
Directorships held in other listed entities during the three years prior to the current year	—	Nil

**ALTHEA GROUP HOLDINGS LIMITED ACN: 626 966 943**  
**DIRECTORS' REPORT**

Alan Boyd	—	Director
Qualifications	—	BA (Econ), CA ANZ, GIA
Experience	—	Company Secretary Ridley Corporation Limited previously Company Secretary Avexa Limited, Zenyth Therapeutics Limited and Sausage Software Limited
Interest in Shares and Options	—	Nil
Special Responsibilities	—	Nil
Directorships held in other listed entities during the three years prior to the current year	—	Nil
Gregg Battersby	—	Director
Qualifications	—	Canadian CPA, CMA, Bcomm ( Honours)
Experience	—	Vitamins and Nutraceuticals, VP of Aphria Inc
Interest in Shares and Options	—	Nil
Special Responsibilities	—	Nil
Directorships held in other listed entities during the three years prior to the current year	—	Nil

**Company Secretary**

Peter Gillis (Chartered Accountant), was appointed as the company secretary on 28th June 2018.

**Meetings of Directors**


During the financial year, there were no meetings of Directors.

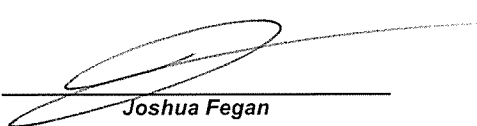
**Subsequent Events**

There were no material subsequent events up to the date of this report.

**Future Developments**

The company will acquire all of the shares in Althea Company Pty Ltd in the lead up to an application for listing on the Australian Securities Exchange, proposed for September 2018.

Directors   
\_\_\_\_\_  
*Philip Andrew Newbold*

  
\_\_\_\_\_  
*Joshua Fegan*

Dated this 6th day of August 2018



**RSM Australia Partners**

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**AUDITOR'S INDEPENDENCE DECLARATION**

As lead auditor for the audit of the financial report of Althea Group Holdings Limited for the period ended 30 June 2018, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

**RSM AUSTRALIA PARTNERS**

**P T SEXTON**  
Partner

Melbourne, VIC  
Dated: 6 August 2018



**ALTHEA GROUP HOLDINGS LIMITED ACN: 626 966 943**  
**STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018**

	Note	2018 \$
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	2	<u>1</u>
<b>TOTAL CURRENT ASSETS</b>		<u>1</u>
<b>NET ASSETS</b>		<u><u>1</u></u>
<b>EQUITY</b>		
Issued capital	3	<u>1</u>
<b>TOTAL EQUITY</b>		<u><u>1</u></u>

The accompanying notes form part of these financial statements.

**ALTHEA GROUP HOLDINGS LIMITED ACN: 626 966 943**  
**STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2018**

	Share Capital	
	Ordinary	Total
	\$	\$
<b>Balance at 21 June 2018</b>	-	-
<b>Comprehensive income</b>		
Profit for the period	-	-
<b>Total comprehensive income for the period</b>	-	-
<b>Transactions with owners, in their capacity as owners, and other transfers</b>		
Shares issued during the period	1	1
<b>Total transactions with owners and other transfers</b>	1	1
<b>Balance at 30 June 2018</b>	1	1

The accompanying notes form part of these financial statements.



**ALTHEA GROUP HOLDINGS LIMITED ACN: 626 966 943**  
**STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2018**

	Note	2018 \$
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of shares		1
Net cash provided by financing activities		<u>1</u>
Net increase in cash held		1
Cash and cash equivalents at beginning of financial period		-
Cash and cash equivalents at end of financial period	2	<u><u>1</u></u>

The accompanying notes form part of these financial statements.

**ALTHEA GROUP HOLDINGS LIMITED ACN: 626 966 943**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018**

This financial report includes the financial statements and notes of Althea Group Holdings Limited.

The financial statements were authorised for issue on 6th August 2018 by the directors of the Company.

**Note 1 Summary of Significant Accounting Policies**

**Basis of Preparation**

These general purpose financial statements have been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board. The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Except for cash flow information, the financial statements have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

**(a) Income Tax**

The income tax expense (income) for the period comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income for the current period. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax expense reflects movements in deferred tax asset and deferred tax liability balances during the period as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss or arising from a business combination.

A deferred tax liability shall be recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from: (a) the initial recognition of goodwill; or (b) the initial recognition of an asset or liability in a transaction which: (i) is not a business combination; and (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability. With respect to non-depreciable items of property, plant and equipment measured at fair value and items of investment property measured at fair value, the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of the asset will be recovered entirely through sale. When an investment property that is depreciable is held by the entity in a business model whose objective is to consume substantially all of the economic benefits embodied in the property through use over time (rather than through sale), the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of such property will be recovered entirely through use.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (i) a legally enforceable right of set-off exists; and (ii) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

**(b) Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand.

**(c) New Accounting Standards for Application in Future Periods**

Accounting Standards issued by the AASB that are not yet mandatorily applicable to the Company, together with an assessment of the potential impact of such pronouncements on the Company when adopted in future periods, are discussed below:

- AASB 9: *Financial Instruments* and associated Amending Standards (applicable to annual reporting periods beginning on or after 1 January 2018).

The Standard will be applicable retrospectively (subject to the provisions on hedge accounting outlined below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

- AASB 2014-7: *Amendments to Australian Accounting Standards arising from AASB 9* (December 2014)

AASB 2014-7 (issued December 2014) gives effect to the consequential amendments to Australian Accounting Standards (including Interpretations) arising from the issue of AASB 9: *Financial Instruments* (December 2014). More significantly, additional disclosure requirements have been added to AASB 7: *Financial Instruments: Disclosures* regarding credit risk exposures of the entity. This Standard also makes various editorial corrections to Australian Accounting Standards and an Interpretation.

**ALTHEA GROUP HOLDINGS LIMITED ACN: 626 966 943**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018**

AASB 2014-7 mandatorily applies to annual reporting periods beginning on or after 1 January 2018. Earlier application is permitted, provided AASB 9 (December 2014) is applied for the same period.

- AASB 15: *Revenue from Contracts with Customers* (applicable to annual reporting periods beginning on or after 1 January 2018, as deferred by AASB 2015-8: *Amendments to Australian Accounting Standards – Effective Date of AASB 15*)

AASB 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. The Company has established an AASB 15 project team and is in the process of completing its impact assessment of AASB 15. Based on a preliminary assessment performed over each line of business and product type, the effects of AASB 15 are not expected to have a material effect on the Company.

- AASB 2014-5: *Amendments to Australian Accounting Standards arising from AASB 15*

This Standard is applicable to annual reporting periods beginning on or after 1 January 2017 and makes consequential amendments to various Australian Accounting Standards arising as a result of the issue of AASB 15: *Revenue from Contracts with Customers*. AASB 2014-5 is not expected to impact the Company's financial statements.

- AASB 2015-8: *Amendments to Australian Accounting Standards – Effective Date of AASB 15*

This Standard amends the mandatory effective date (application date) of AASB 15: *Revenue from Contracts with Customers* so that AASB 15 is required to be applied for annual reporting periods beginning on or after 1 January 2018 instead of 1 January 2017. Therefore, this Standard also defers the consequential amendments that were originally set out in AASB 2014-5: *Amendments to Australian Accounting Standards arising from AASB 15*. This deferral is achieved in a variety of ways because some of the Standards amended by AASB 2014-5 have been superseded by new principal versions issued in 2015 that apply to annual reporting periods beginning on or after 1 January 2017 or 2018. This Standard amends Interpretation 1052: *Tax Consolidation Accounting* to update the cross-references to Standards and to remove the references to dividends and other distributions, so that the wording of Int 1052.45 is appropriate for annual reporting periods beginning on or after 1 January 2018. AASB 15 is also reformatted to follow the structure of the new principal versions of other Standards by deleting or moving the Aus-numbered "Application" paragraphs.

- AASB 2016-3: *Amendments to Australian Accounting Standards – Clarifications to AASB 15*

AASB 2016-3 (issued May 2016) makes amendments to AASB 15 to:

- clarify the requirements for assessing whether two or more promises to transfer goods or services to a customer are separately identifiable when identifying performance obligations in accordance with AASB 15.27(b) and the factors indicating this assessment;
  - elaborate on the assessment of "control" over goods or services when determining whether an entity is acting as a principal or agent
  - clarify the timing of revenue recognition from licensing transactions; and
  - extend the application of practical expedients on transition to AASB 15.
- AASB 2016-3 mandatorily applies to annual reporting periods beginning on or after 1 January 2018, with earlier application permitted.

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Apart from a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

- identify the contract(s) with a customer;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract(s); and
- recognise revenue when (or as) the performance obligations are satisfied.

The transitional provisions of this Standard permit an entity to either: restate the contracts that existed in each prior period presented per AASB 108: *Accounting Policies, Changes in Accounting Estimates and Errors* (subject to certain practical expedients in AASB 15); or recognise the cumulative effect of retrospective application to incomplete contracts on the date of initial application. There are also enhanced disclosure requirements.

- AASB 16: *Leases* (applicable to annual reporting periods beginning on or after 1 January 2019).

When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: *Leases and related Interpretations*. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

The main changes introduced by the new Standard are as follows:

- recognition of a right-of-use asset and lease liability for all leases (excluding short-term leases with a lease term of 12 months or less of tenure and leases relating to low-value assets);
- depreciation of right-of-use assets in line with AASB 116: *Property, Plant and Equipment* in profit or loss and unwinding of the liability in principal and interest components;
- inclusion of variable lease payments that depend on an index or a rate in the initial measurement of the lease liability using the index or rate at the commencement date;
- application of a practical expedient to permit a lessee to elect not to separate non-lease components and instead account for all components as a lease; and

**ALTHEA GROUP HOLDINGS LIMITED ACN: 626 966 943**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018**

— inclusion of additional disclosure requirements.

The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108 or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

The Company has established an AASB 16 project team and is in the process of completing its impact assessment of AASB 16. Based on a preliminary assessment performed over each line of business and lease type, the effect of AASB 16 is not expected to have a material effect on the Company. It is impracticable at this stage to provide a reasonable estimate of such impact.

**Note 2 Cash and Cash Equivalents**

		2018
		\$
Cash at bank and on hand	<u>1</u>	<u>1</u>
	<u>1</u>	<u>1</u>
Reconciliation of cash		
Cash and cash equivalents at the end of the financial period as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:		
Cash and cash equivalents	<u>1</u>	<u>1</u>
	<u>1</u>	<u>1</u>

**Note 3 Issued Capital**

		2018
		\$
1 fully paid ordinary share	<u>1</u>	<u>1</u>
	<u>1</u>	<u>1</u>

**(a) Ordinary Shares**

		2018
		No.
At the beginning of the reporting period:		
Shares issued during year		
— 21st June 2018 (Joshua Fegan)	<u>1</u>	<u>1</u>
At the end of the reporting period	<u>1</u>	<u>1</u>

**Note 4 Events After the Reporting Period**

The directors are not aware of any significant events since the end of the reporting period.

**Note 5 Related Party Transactions**

There are no related party transactions during the year.

**Note 6 Date of Incorporation**

The date of incorporation is the 21st June 2018 and these financial statements reflect the 9 day period. Althea Group Holdings Limited did not trade during the period.

All initial audit costs and set up fees have been covered by an entity associated with the shareholder.

**Note 7 Company Details**

The registered office of the company is:

Althea Group Holdings Limited  
 C/o- Curtain & Co Services Pty Ltd  
 Level 3, 369 Royal Parade  
 PARKVILLE VIC 3052

The principal place of business is:

Althea Group Holdings Limited  
 30 Dove Street  
 CREMORNE VIC 3121

## INDEPENDENT AUDITOR'S REPORT To the Members of Althea Group Holdings Limited

### Opinion

We have audited the financial report of Althea Group Holdings Limited (the Company), which comprises the statement of financial position as at 30 June 2018, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the period then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the accompanying financial report of the Company is in accordance with the Corporations Act 2001, including:

- (i) giving a true and fair view of the Company's financial position as at 30 June 2018 and of its financial performance for the period then ended; and
- (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

### 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 Company in accordance with the auditor independence requirements of the Corporations Act 2001 and 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 confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

### Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2018, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Document5

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If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of the Directors for the Financial Report**

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

**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 the 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 this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: [http://www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). This description forms part of our auditor's report.

A handwritten signature in black ink that reads 'RSM'.

RSM AUSTRALIA PARTNERS

A handwritten signature in black ink, appearing to be 'P T Sexton'.

P T SEXTON  
Partner

Dated 6 August 2018

**ALTHEA GROUP HOLDINGS LIMITED ACN: 626 966 943**  
**DIRECTORS' DECLARATION**

In accordance with a resolution of the directors of Althea Group Holdings Limited, the directors of the company declare that:

1. the financial statements and notes, as set out on pages 4 to 10, are in accordance with the Corporations Act 2001 and:
  - (a) comply with Australian Accounting Standards; and
  - (b) give a true and fair view of the financial position as at 30 June 2018 and of the performance for the period ended on that date of the company;
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;

Director



\_\_\_\_\_

*Philip Andrew Newbold*

Dated this 6th day of August 2018