



VIVA LEISURE GROUP

**Aggregated Financial Report For The Year Ended
30 June 2018**

Viva Leisure Group

Financial Report For The Year Ended 30 June 2018

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VIVA LEISURE GROUP DIRECTORS' REPORT

Your directors present their report on the aggregated group for the financial year ended 30 June 2018.

Directors

The names of the directors in office at any time during, or since the end of the year are: Harry Konstantinou
Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Review of Operations

The profit of the aggregated group for the financial year after providing for income tax amounted to \$2,916,917.

Significant Changes in the State of Affairs

No significant changes in the state of affairs of the aggregated group occurred during the financial year.

Principal Activities

The principal activities of the aggregated group during the financial year were health club operation. No significant change in the nature of these activities occurred during the year.

Events Subsequent to the End of the Reporting Period

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

Likely Developments and Expected Results of Operations

Likely developments in the operations of the aggregated 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 likely to result in unreasonable prejudice to the aggregated group.

Environmental Regulation

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

Dividends

There were no dividends paid or declared since the start of the financial year (2017: nil).

Options

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

No shares were issued during or since the end of the year as a result of the exercise of an option over unissued shares or interests.

Indemnification of Officers

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of the aggregated group.

Proceedings on Behalf of the aggregated group

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

The aggregated group 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 section 307C of the Corporations Act 2001 is set out on page 4.

This directors' report is signed in accordance with a resolution of the Board of Directors:



Director

Harry Konstantinou

Dated this 18 day of August 2018.

VIVA LEISURE PTY LIMITED AND AGGREGATED ENTITIES
ABN 60 010 883 173

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF VIVA LEISURE PTY LIMITED**

SYDNEY

Level 40
2 Park Street
Sydney NSW 2000
Australia

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

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2018 there have been no contraventions of:

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

Hall Chadwick

Hall Chadwick
Level 40, 2 Park Street
Sydney NSW 2000

Sandeep Kumar

Sandeep Kumar
Partner
Date: 18 August 2018

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VIVA LEISURE GROUP

AGGREGATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018 \$	2017 \$
Sales revenue	2	24,101,642	20,715,996
Other income	2	25,811	31,608
Rental expense		(4,907,908)	(4,359,762)
Employee benefits expense		(8,337,129)	(8,136,573)
Depreciation and amortisation expense		(1,536,556)	(1,432,423)
Finance costs	3(a)	(530,597)	(524,113)
Other expenses		(5,674,441)	(4,967,234)
Profit before income tax		<u>3,140,822</u>	<u>1,327,499</u>
Tax expense	4	(223,905)	-
Profit for the year		<u>2,916,917</u>	<u>1,327,499</u>
Total other comprehensive income for the year		-	-
Total comprehensive income for the year		<u>2,916,917</u>	<u>1,327,499</u>

The accompanying notes form part of these financial statements.

VIVA LEISURE GROUP
AGGREGATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018

	Note	2018 \$	2017 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	1,062,176	624,457
Trade and other receivables	7	142,370	396,883
Inventories		145,958	94,849
Other current assets	8	146,179	204,393
TOTAL CURRENT ASSETS		<u>1,496,683</u>	<u>1,320,582</u>
NON-CURRENT ASSETS			
Financial assets	9	79	79
Property, plant and equipment	10	9,630,147	6,858,224
Intangible assets	11	39,565	40,132
Deferred tax assets	15	258,644	-
TOTAL NON-CURRENT ASSETS		<u>9,928,435</u>	<u>6,898,435</u>
TOTAL ASSETS		<u>11,425,118</u>	<u>8,219,017</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	12	1,988,460	4,816,751
Borrowings	13	4,923,712	1,232,966
Other liabilities	14	926,264	586,599
Current tax liabilities	15	494,636	12,087
Provisions	16	668,827	437,920
TOTAL CURRENT LIABILITIES		<u>9,001,899</u>	<u>7,086,323</u>
NON-CURRENT LIABILITIES			
Borrowings	13	2,479,304	3,209,855
Provisions	16	12,631	44,303
TOTAL NON-CURRENT LIABILITIES		<u>2,491,935</u>	<u>3,254,158</u>
TOTAL LIABILITIES		<u>11,493,834</u>	<u>10,340,481</u>
NET ASSETS		<u>(68,716)</u>	<u>(2,121,464)</u>
EQUITY			
Issued capital	17	395	395
Retained earnings		(69,111)	(2,121,859)
TOTAL EQUITY		<u>(68,716)</u>	<u>(2,121,464)</u>

VIVA LEISURE GROUP
AGGREGATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2018

	Share Capital	Retained Earnings (Accumulated losses)	Total
	\$	\$	\$
Balance at 30 June 2016	395	(3,449,358)	(3,448,963)
Comprehensive income			
Profit for the year	-	1,327,499	1,327,499
Other comprehensive income for the year	-	-	-
Total comprehensive profit for the year attributable to members of the entity	-	1,327,499	1,327,499
Total transactions with owners and other transfers	-	-	-
Balance at 30 June 2017	395	(2,121,859)	(2,121,464)
Balance at 1 July 2017	395	(2,121,859)	(2,121,464)
Comprehensive income			
Profit for the year	-	2,916,917	2,916,917
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year attributable to members of the entity	-	2,916,917	2,916,917
Transactions with owners and other transfers	-		
Distribution of trust income		(864,169)	(864,169)
Balance at 30 June 2018	395	(69,111)	(68,716)

The accompanying notes form part of these financial statements.

VIVA LEISURE GROUP
AGGREGATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2018

		2018 \$	2017 \$
CASH FLOWS FROM OPERATING ACTIVITIES	Note		
Receipts from customers		26,854,583	22,962,694
Payments to suppliers and employees		(24,642,164)	(21,249,117)
Interest received		390	488
Net cash provided by operating activities	20(a)	<u>2,212,809</u>	<u>1,714,065</u>
 CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(1,889,121)	(812,428)
Proceeds from sale of property, plant and equipment		62,944	324,087
Purchase of intangibles		(2,001)	(5,100)
Net cash (used in) investing activities		<u>(1,828,178)</u>	<u>(493,441)</u>
 CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings from related parties		1,644,917	-
Proceeds from borrowings from third parties		-	1,600,000
Lease payments		(1,061,232)	(954,286)
Repayment of borrowings		-	(1,154,548)
Interest paid		(530,597)	(524,113)
Net cash (used in) financing activities		<u>53,088</u>	<u>(1,032,947)</u>
Net increase/(decrease) in cash held		437,719	187,677
Cash at beginning of financial year		624,457	436,780
Cash at end of financial year	6	<u><u>1,062,176</u></u>	<u><u>624,457</u></u>

The accompanying notes form part of these financial statements.

VIVA LEISURE GROUP
NOTES TO THE AGGREGATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Note 1 Summary of Significant Accounting Policies

Basis of Preparation

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

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 purpose of preparation. Such accounting policies are consistent with the previous period unless stated otherwise.

The financial statements have been prepared on an accrual basis and are based on historical costs unless otherwise stated in the notes. The accounting policies that have been adopted in the preparation of these statements are as follows:

Going Concern

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

The Group operates in health and fitness services. During the year ended 30 June 2018 the Group achieved a profit after tax of \$2,916,917 (2017: \$1,327,499) and generated cash inflows from operating activities of \$2,212,809 (2017: \$1,714,065). At 30 June 2018, the Group had a net working capital deficiency of \$7,505,216 (2017: \$5,765,741) and a net liability of \$68,716 (2017: \$2,121,464).

Management have prepared cash flow projections that support the Group's ability to continue as a going concern after expected future capital raisings. This forecast acknowledges that the Group is in the early stages of development and assumes that the revenues will pick up in the following year.

The Directors of the Group consider that the cash flow projections and assumptions will be achieved, and in the longer term, significant revenues will be generated, and accordingly, the Group will be able to continue as a going concern.

Accounting Policies

(a) Principles of aggregation

The aggregated group financial statements aggregate the assets, liabilities and results of entities in the Viva Leisure aggregated group at the end of the reporting period, namely the financial statements of:

Viva Leisure Pty Limited
Viva Leisure Operations Pty Limited
Viva Leisure People Pty Limited
Viva Leisure Property Pty Limited
Psycle Life Pty Limited
The Club Group Pty Limited
The Club Group (Greenway) Pty Limited
Club MMM! Pty Limited
The Club Group Trust

(b) Business Combinations

Business combinations occur where an acquirer obtains control over one or more businesses. A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is obtained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exceptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or

VIVA LEISURE GROUP
NOTES TO THE AGGREGATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

liability is remeasured in each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to business combinations other than those associated with the issue of a financial instrument are recognised as expenses in profit or loss when incurred.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

Goodwill

Goodwill is carried at cost less any accumulated impairment losses.

The amount of goodwill recognised on acquisition of each subsidiary in which the aggregated group holds a less than 100% interest will depend on the method adopted in measuring the non-controlling interest. The aggregated group can elect in most circumstances to measure the non-controlling interest in the acquiree either at fair value ("full goodwill method") or at the non-controlling interest's proportionate share of the subsidiary's identifiable net assets ("proportionate interest method"). In such circumstances, the aggregated group determines which method to adopt for each acquisition and this is stated in the respective note to the financial statements disclosing the business combination.

Under the full goodwill method, the fair value of the non-controlling interest is determined using valuation techniques which make the maximum use of market information where available. Under this method, goodwill attributable to the non-controlling interest is recognised in the financial statements.

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates.

Goodwill is tested for impairment annually and is allocated to the aggregated group's cash-generating units or aggregated groups of cash-generating units, which represent the lowest level at which goodwill is monitored but where such level is not larger than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity sold.

Changes in the ownership interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions and do not affect the carrying amounts of goodwill.

(c) Income Tax

The income tax expense (income) for the year 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 income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year 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.

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 aggregated group 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.

VIVA LEISURE GROUP
NOTES TO THE AGGREGATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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.

(d) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Property

Freehold land and buildings are carried at their fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction), based on periodic, but at least triennial, valuations by external independent valuers, less accumulated depreciation for buildings.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same asset are recognised against revaluation surplus directly in equity; all other decreases are charge to the statement of profit or loss.

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

Plant and equipment

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(g) for details of impairment).

The cost of fixed assets constructed within the aggregated group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the aggregated group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss in the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the aggregated group commencing from the time the asset is held ready for 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 depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Plant and equipment	10-40%
Furniture and fittings	10-20%
Motor Vehicles	15-25%
Leased plant and equipment	5-20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised in profit or loss when the item is derecognised. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

VIVA LEISURE GROUP
NOTES TO THE AGGREGATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

(e) Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset – but not the legal ownership – are transferred to the aggregated group, are classified as finance leases.

Finance leases are capitalised by recognising an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses on a straight-line basis over the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(f) Financial Instruments

Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the aggregated group commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are recognised as expenses in profit or loss immediately.

Classification and Subsequent Measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

The aggregated group does not designate any interests in subsidiaries, associates or joint ventures as being subject to the requirements of Accounting Standards specifically applicable to financial instruments. Accordingly, such interests are accounted for on a cost basis.

(g) Impairment of Assets

At the end of each reporting period, the aggregated group assesses whether there is any indication that an asset may be impaired. The assessment will include considering external sources of information and internal sources of information, including dividends received from subsidiaries, associates or joint ventures deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (eg in accordance with the revaluation model in AASB 116: Property, Plant and Equipment). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the aggregated group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

VIVA LEISURE GROUP
NOTES TO THE AGGREGATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

(h) Intangible Assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of acquisition. Intangible assets acquired separately are initially recognised at cost. Intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in the profit or loss arising from derecognition of an intangible asset is measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangibles are reviewed annually. Changes in expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

(i) Investments in Associates

An associate is an entity over which the aggregated group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the entity but is not control or joint control of those policies. Investments in associates are accounted for in the financial statements by applying the equity method of accounting, whereby the investment is initially recognised at cost (including transaction costs) and adjusted thereafter for the post-acquisition change in the aggregated group's share of net assets of the associate. In addition, the aggregated group's share of the profit or loss of the associate is included in the aggregated group's profit or loss.

The carrying amount of the investment includes, when applicable, goodwill relating to the associate. Any discount on acquisition, whereby the aggregated group's share of the net fair value of the associate exceeds the cost of investment, is recognised in profit or loss in the period in which the investment is acquired.

Profits and losses resulting from transactions between the aggregated group and the associate are eliminated to the extent of the aggregated group's interest in the associate.

When the aggregated group's share of losses in an associate equals or exceeds its interest in the associate, the aggregated group discontinues recognising its share of further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate. Upon the associate subsequently making profits, the aggregated group will resume recognising its share of those profits once its share of the profits equals the share of the losses not recognised.

(j) Employee Benefits

Short-term employee benefits

Provision is made for the aggregated group's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The aggregated group's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as part of current trade and other payables in the statement of financial position.

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Upon the remeasurement of obligations for other long-term employee benefits, the net change in the obligation is recognised in profit or loss as part of employee benefits expense.

The aggregated group's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the aggregated group does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

The aggregated group's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as part of current trade and other payables in the statement of financial position.

All employees of the aggregated group receive defined contribution superannuation entitlements, for which the aggregated group pays the fixed superannuation guarantee contribution (currently 9.5% of the employee's average ordinary salary) to the employee's superannuation fund of choice. All contributions in respect of employees' defined contribution entitlements are recognised as an expense when they become payable. The aggregated group's obligation with respect to employees' defined contribution entitlements is limited to its obligation for any unpaid superannuation guarantee contributions at the end of the reporting period. All obligations for unpaid superannuation guarantee contributions are measured at the (undiscounted) amounts expected to be paid when the obligation is settled and are presented as current liabilities in the aggregated group's statement of financial position.

VIVA LEISURE GROUP
NOTES TO THE AGGREGATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

(k) Provisions

Provisions are recognised when the aggregated group 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 using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(l) 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 statement of financial position.

(m) Revenue and Other Income

Revenue is measured at the fair 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.

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

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 recognised upon the delivery of the service to the customers.

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

(n) Trade and other receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

At the end of each reporting period, the carrying amount of trade and other receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. If so, an impairment loss is recognised immediately in statement of comprehensive income.

(o) Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by the aggregated group that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(p) 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.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(q) 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 Australian Taxation Office (ATO). In these circumstances 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 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 statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities, which are recoverable from or payable to the ATO, are presented as operating cash flows included in receipts from customers or payments to suppliers.

(r) Comparative Figures

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

VIVA LEISURE GROUP
NOTES TO THE AGGREGATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Where the aggregated group retrospectively applies an accounting policy, makes a retrospective restatement of items in the financial statements or reclassifies items in its financial statements, a third statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented.

(s) Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the aggregated group.

Key estimates

The aggregated group assesses impairment at the end of each reporting period by evaluating the conditions and events specific to the aggregated group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

(t) New Accounting Standards for Application in Future Periods

Accounting Standards and Interpretations 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 commencing 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.

The key changes that may affect the company on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, upfront accounting for expected credit loss, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items. Should the entity elect to change its hedge policies in line with the new hedge accounting requirements of this Standard, the application of such accounting would be largely prospective.

Although the directors anticipate that the adoption of AASB 9 may have an impact on the company's financial instruments, including hedging activity, it is impracticable at this stage to provide a reasonable estimate of such impact.

– **AASB 15: Revenue from Contracts with Customers** (applicable to annual reporting periods commencing on or after 1 January 2018).

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for 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.

This Standard will require retrospective restatement, as well as enhanced disclosures regarding revenue.

Although the directors anticipate that the adoption of AASB 15 may have an impact on the company's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

VIVA LEISURE GROUP
NOTES TO THE AGGREGATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

- **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 include:

- recognition of a right-to-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
- depreciation of right-to-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;
- variable lease payments that depend on an index or a rate are included in the initial measurement of the lease liability using the index or rate at the commencement date;
- by applying a practical expedient, a lessee is permitted to elect not to separate non-lease components and instead account for all components as a lease; and
- 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.

Although the directors anticipate that the adoption of AASB 16 will impact the Group's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

VIVA LEISURE GROUP
NOTES TO THE AGGREGATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018	2017
	\$	\$
Note 2 Revenue and Other Income		
Sales revenue:		
Member income	22,958,390	20,175,113
Total sales revenue	<u>22,958,390</u>	<u>20,175,113</u>
Other revenue:		
Interest received	49	488
Other	1,143,203	540,395
Total other revenue	<u>1,143,252</u>	<u>540,883</u>
Total sales revenue and other revenue	<u>24,101,642</u>	<u>20,715,996</u>
Other income:		
Gain on disposal of property, plant and equipment	25,811	31,608
Total other income	<u>25,811</u>	<u>31,608</u>

Note 3 Profit before Income Tax

(a) Expenses

Interest expenses from financial liabilities:		
external entities	530,597	524,113
Total finance costs	<u>530,597</u>	<u>524,113</u>

Note 4 Income tax expense

(a) The components of income tax expense comprise:

Current tax	(482,549)	(12,087)
Deferred tax	258,644	-
	<u>(223,905)</u>	<u>(12,087)</u>

Note 5 Auditor's Remuneration

Remuneration of the auditor for:

— auditing or reviewing the financial statements	35,000	32,500
	<u>35,000</u>	<u>32,500</u>

Note 6 Cash and Cash Equivalents

CURRENT

Cash at bank and on hand	910,826	411,496
Short-term bank deposits	151,350	212,961
	<u>1,062,176</u>	<u>624,457</u>

VIVA LEISURE GROUP
NOTES TO THE AGGREGATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018	2017
	\$	\$
Note 7 Trade and Other Receivables		
CURRENT		
Trade receivables	139,495	78,631
Other receivables	2,875	240,840
Loans to other related parties	-	77,412
Total current trade and other receivables	<u>142,370</u>	<u>396,883</u>
 Note 8 Other Assets		
CURRENT		
Prepayments	<u>146,179</u>	<u>204,393</u>
	<u>146,179</u>	<u>204,393</u>
 Note 9 Financial Assets		
NON-CURRENT		
Shares in subsidiaries	<u>79</u>	<u>79</u>
Total Non-current Assets	<u>79</u>	<u>79</u>
 Note 10 Property, Plant and Equipment		
PLANT AND EQUIPMENT		
Plant and equipment:		
At cost	4,245,204	3,985,203
Accumulated depreciation	<u>(2,964,704)</u>	<u>(2,948,588)</u>
	<u>1,280,500</u>	<u>1,036,615</u>
Leased plant and equipment		
Capitalised leased assets	9,273,656	7,227,677
Accumulated depreciation	<u>(4,312,036)</u>	<u>(3,819,808)</u>
	<u>4,961,620</u>	<u>3,407,869</u>
Furniture and fittings		
At cost	1,056,257	1,071,183
(Accumulated depreciation)	<u>(792,344)</u>	<u>(745,530)</u>
	<u>263,913</u>	<u>325,653</u>
Motor vehicles		
At Cost	270,840	252,121
(Accumulated depreciation)	<u>(142,345)</u>	<u>(135,376)</u>
	<u>128,495</u>	<u>116,745</u>
Leasehold improvements		
At cost	3,864,234	2,614,196
(Accumulated depreciation)	<u>(971,137)</u>	<u>(710,246)</u>
	<u>2,893,097</u>	<u>1,903,950</u>
Capitalised software		
At cost	171,093	97,359
(Accumulated depreciation)	<u>(68,571)</u>	<u>(29,967)</u>
	<u>102,522</u>	<u>67,392</u>
Total plant and equipment	<u>9,630,147</u>	<u>6,858,224</u>
Total property, plant and equipment	<u>9,630,147</u>	<u>6,858,224</u>

VIVA LEISURE GROUP
NOTES TO THE AGGREGATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

(a) Movements in carrying amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Plant and Equipment \$	Furniture and Fittings \$	Motor Vehicles \$	Leasehold Improvements \$	Capitalised Software \$	Leased Plant and Equipment \$	Total \$
Balance at 1 July 2016	1,223,208	343,598	164,476	1,656,809	72,056	3,328,206	6,788,353
Additions	308,740	23,806	34,669	461,093	22,687	941,457	1,792,452
Disposals - written down value	(120,964)	(0)	(46,568)	(10,284)	-	(114,662)	(292,478)
Depreciation expense	(374,369)	(41,751)	(35,832)	(203,668)	(27,351)	(747,132)	(1,430,103)
Carrying amount at 30 June 2017	1,036,615	325,653	116,745	1,903,950	67,392	3,407,869	6,858,224
Additions	467,632	90,979	49,440	1,250,037	73,734	2,411,222	4,343,044
Reclassification	195,850	(105,905)	-	-	-	(89,945)	-
Disposals - written down value	(30,318)	-	(6,816)	-	-	-	(37,134)
Depreciation expense	(389,279)	(46,814)	(30,874)	(260,890)	(38,604)	(767,526)	(1,533,987)
Carrying amount at 30 June 2018	1,280,500	263,913	128,495	2,893,097	102,522	4,961,620	9,630,147

Note 11 Intangible Assets

	2018 \$	2017 \$
Trademarks at cost	49,823	47,822
Accumulated amortisation	(10,258)	(7,690)
Total intangibles	<u>39,565</u>	<u>40,132</u>

Note 12 Trade and Other Payables

CURRENT

Unsecured liabilities		
Trade payables	987,173	829,573
Sundry payables and accrued expenses	780,777	1,799,140
Other payables (net amount of GST payable)	187,930	212,706
Amounts payable to:		
Other related parties	-	1,948,752
Bonds held	32,580	26,580
	<u>1,988,460</u>	<u>4,816,751</u>

Note 13 Borrowings

CURRENT

Lease liability secured	1,406,208	882,966
Borrowings - related parties	1,657,505	350,000
Borrowings – other third parties	260,000	-
Bank loan secured	1,600,000	-
Total current borrowings	<u>4,923,713</u>	<u>1,232,966</u>

NON-CURRENT

Bank loan secured	-	1,600,000
Lease liability secured	2,479,304	1,609,855
Total non-current borrowings	<u>2,479,304</u>	<u>3,209,855</u>
Total borrowings	<u>7,403,017</u>	<u>4,442,821</u>

VIVA LEISURE GROUP
NOTES TO THE AGGREGATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018 \$	2017 \$
Note 14 Other Liabilities			
CURRENT			
Unearned revenue		577,176	497,611
Accrued operating lease incentive		349,088	88,988
		<u>926,264</u>	<u>586,599</u>
Note 15 Tax			
CURRENT			
Income tax		494,636	12,087
Total		<u>494,636</u>	<u>12,087</u>
DEFERRED TAX ASSETS			
Balance at beginning of year		-	-
Recognised in profit and loss		37,626	-
Balance at end of year		<u>37,626</u>	<u>-</u>
Note 16 Provisions			
CURRENT			
Employee benefits		668,827	437,920
Total current provisions		<u>668,827</u>	<u>437,920</u>
NON-CURRENT			
Employee benefits		12,631	44,303
Total non-current provisions		<u>12,631</u>	<u>44,303</u>
Total provisions		<u>681,458</u>	<u>482,223</u>
Note 17 Issued Capital			
Fully paid ordinary shares		<u>395</u>	<u>395</u>
Note 18 Capital and Leasing Commitments			
(a) Finance Lease Commitments			
Payable — minimum lease payments			
— not later than 12 months		1,647,313	1,003,904
— between 12 months and five years		2,746,143	1,753,902
Minimum lease payments		<u>4,393,457</u>	<u>2,757,806</u>
Less future finance charges		<u>(507,945)</u>	<u>(264,985)</u>
Present value of minimum lease payments	13	<u>3,885,511</u>	<u>2,492,821</u>
(b) Operating Lease Commitments			
Non-cancellable operating leases contracted for but not recognised in the financial statements			
Payable — minimum lease payments			
— not later than 12 months		5,517,971	3,125,361
— between 12 months and five years		16,529,744	11,554,731
— later than five years		<u>3,113,413</u>	<u>4,830,531</u>

VIVA LEISURE GROUP
NOTES TO THE AGGREGATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	<u>25,161,128</u>	<u>19,510,623</u>
	Note	
	2018	2017
	\$	\$
Note 19 Contingent Liabilities and Contingent Assets		
The company has no contingent assets or liabilities.		
Note 20 Cash Flow Information		
(a) Reconciliation of cash flows from operating activities		
Profit / (Loss) after income tax	2,916,917	1,327,499
Non-cash flows in profit		
— depreciation and amortisation	1,536,556	1,432,423
— net (gain)/loss on disposal of property, plant and equipment	(25,813)	(31,608)
— interest expenses included in financing activities	530,597	524,113
— trust distribution payable	(864,169)	-
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries		
— (increase)/decrease in trade and term debtors	177,101	(25,937)
— (increase)/decrease in other assets	7,105	(170,693)
— (increase)/decrease in deferred tax assets	(258,644)	
— increase/(decrease) in payables	(1,815,927)	(1,746,634)
— increase/(decrease) in other liabilities	(190,149)	344,435
— increase/(decrease) in provisions	199,235	60,467
Net cash provided by operating activities	<u>2,212,809</u>	<u>1,714,065</u>

Note 20 Events After the Reporting Period

The following events occurred after the reporting period:

A group restructure occurred whereby the following transactions took place:

- On 31st July Viva Leisure Pty Limited acquired the businesses of the Club Group Trust
- On 1st August Viva Leisure Pty Limited acquired the share capital of The Club Group Pty Limited and its subsidiary Club MMM! Pty Limited

The impact of these transactions is that the aggregated group reported on in these financial statements is a consolidated group for accounting and tax purposes from the date of finalisation of the restructure, with Viva Leisure Pty Limited being the parent company.

In August 2018, the group opened a health club in Kambah, ACT.

Apart from that, the directors are not aware of any significant events since the end of the reporting period.

Note 21 Company Details

The registered office of the company is:

Viva Leisure Group
First Floor, Unit 7,
141 Flemington Road Mitchell, ACT

The principal place of business is:

Viva Leisure Group
First Floor, Unit 7,
141 Flemington Road Mitchell, ACT

**VIVA LEISURE GROUP
DIRECTORS'
DECLARATION**

The directors have 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 described in Note 1 to the financial statements.

1. The financial statements and notes, as set out on pages 5 to 22, are in accordance with the Corporations Act 2001 and:
 - (a) comply with Accounting Standards as described in Note 1 to the financial statements and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the company's financial position as at 30 June 2018 and of the 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.



Director

Harry Konstantinou

Dated this 18 day of August 2018.

VIVA LEISURE PTY LIMITED AND AGGREGATED ENTITIES
ABN 60 010 883 173

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
VIVA LEISURE PTY LIMITED

SYDNEY

Level 40
2 Park Street
Sydney NSW 2000
Australia

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

Qualified Opinion

We have audited the financial report for VIVA Leisure Pty Limited, which comprises the aggregated statement of financial position as at 30 June 2018, the aggregated statement of profit or loss and other comprehensive income, the aggregated statement of changes in equity and the aggregated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report presents fairly, in all material respects, the aggregated financial position of the Group as at 30 June 2018 and its aggregated financial performance for the year then ended in accordance with Australian Accounting Standards.

Basis of 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 Group 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 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. The financial report has been prepared for the purpose of the Group's constitution and meet the needs of members. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial report which indicates that the Group has a net working capital deficiency of \$7,505,216 and a net liability position of \$68,716 as at 30 June 2018. As stated in Note 1 these conditions, along with other conditions matters set forth in Note 1 indicate that a material uncertainty exists that may cast significant doubt about the Group's ability to continue as a going concern and therefore, the Group may not be able to realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the financial report.

Responsibilities of the Directors for the Financial Report

The directors of the Group are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the constitution and the needs of members. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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VIVA LEISURE PTY LIMITED AND AGGREGATED ENTITIES
ABN 60 010 883 173

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
VIVA LEISURE PTY LIMITED

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group 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 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.

As part of an audit in accordance with 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the director'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 Group'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 Group 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 the directors regarding, amongst 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.

VIVA LEISURE PTY LIMITED AND AGGREGATED ENTITIES
ABN 60 010 883 173

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
VIVA LEISURE PTY LIMITED

Hall Chadwick

Hall Chadwick
Level 40, 2 Park Street
Sydney NSW 2000

S. Kumar

Sandeep Kumar

Partner

Dated: 18 August 2018