

Allwellness Holdings Group Limited

ABN: 42 604 613 050

Consolidated Financial Statements

For the Half-Year Ended 31 December 2018

Allwellness Holdings Group Limited

ABN: 42 604 613 050

Content

For the Half-Year Ended 31 December 2018

	Page
Directors' Report	1
Auditor's Independence Declaration	3
Consolidated Statement of Profit or Loss and Other Comprehensive Income	4
Consolidated Statement of Financial Position	5
Consolidated Statement of Changes in Equity	6
Consolidated Statement of Cash Flows	7
Notes to the Financial Statements	8
Directors' Declaration	17
Independent Auditor's Review Report	18

Allwellness Holdings Group Limited

ABN: 42 604 613 050

Director Report

For the Half-Year Ended 31 December 2018

The directors present their report on the consolidated entity ("Group") for the half-year ended 31 December 2018.

1. General information

Information on directors

The names of each person who has been a director during the half-year and to the date of this report are:

Mr Yong Zhang
Mr Chen Wang
Mr Yilong Shan

Principal Activities

The principal activities of the Group during the half-year period ended 31 December 2018 included exporting health care products to China.

There has been no significant changes in the nature of these activities during the period.

2. Review of operations and Financial Results

Operating results

The loss of the consolidated group for the half-year period ended 31 December 2018 after providing for income tax amounted to \$41,020 (2017: \$87,911).

Dividends paid or recommended

No dividends were paid or declared since the start of the financial half year. No recommendation for payment of dividends has been made.

3. Other items

Events after the reporting date

No other matters or circumstances have arisen since the end of the financial half year which significantly affected or could significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

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

Allwellness Holdings Group Limited

ABN: 42 604 613 050

Director Report


For the Half-Year Ended 31 December 2018

Auditor's independence declaration

The lead auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the half year ended 31 December 2018 has been received and can be found on page 3 of the consolidated financial report.

Signed in accordance with a resolution of the Board of Directors:

Director:


Mr Yong Zhang

Dated this 14 day of 03 2019



WIS PARTNERS
Accountants | Auditors | Advisors | Immigration

Auditor's Independence Declaration

As lead auditor for the review of the financial report of Allwellness Holdings Group Limited for the half-year ended 31 December 2018, I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2018, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

Wis Partners

Zhiyuan Liang
Partner (RCA:473429)

Sydney,
14 March 2019

Allwellness Holdings Group Limited

ABN: 42 604 613 050

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Half-Year Ended 31 December 2018

	Note	Consolidated Group	
		DEC 2018	DEC 2017
		\$	\$
Sales revenue	5	436,211	225,581
Less: Cost of sales	5	(228,342)	(119,516)
Gross profit (loss)		207,869	106,065
Other income	5	6,331	1,453
Rent		(26,104)	(20,070)
Depreciation and amortisation		(9,767)	(5,675)
Professional fees		(23,118)	(27,615)
Employee benefits		(125,073)	(94,589)
Marketing expenses		(12,365)	(6,038)
Other administrative costs	6	(58,793)	(41,442)
Total expenses		(248,889)	(193,976)
Loss before income tax		(41,020)	(87,911)
Income tax expense		-	-
Loss after income tax		(41,020)	(87,911)
Other comprehensive income, net of income tax		-	-
Total comprehensive loss attributable to members of the parent entity		(41,020)	(87,911)
Loss per share			
Basic loss per share (\$ per share)		(0.16)	(0.35)
Diluted loss per share (\$ per share)		(0.16)	(0.35)

The accompanying notes form part of these financial statements.

Allwellness Holdings Group Limited

ABN: 42 604 613 050

Consolidated Statement of Financial Position
As at 31 December 2018

		31 December 2018	30 June 2018
	Note	\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	292,521	363,399
Trade and other receivables	8	9,393	27,442
Inventories	9	62,491	76,875
Other current assets	10	36,924	173,289
TOTAL CURRENT ASSETS		401,329	641,005
NON-CURRENT ASSETS			
Property, plant and equipment	11	233,070	-
Intangible assets		5,031	5,785
Other non-current assets	10	16,500	-
TOTAL NON-CURRENT ASSETS		254,601	5,785
TOTAL ASSETS		655,930	646,790
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	12	29,885	147,445
Hire Purchase Liabilities	16	29,680	-
Borrowings	13	352,164	352,164
Provision	14	15,354	8,270
Other current liabilities		5,164	-
TOTAL CURRENT LIABILITIES		432,247	507,879
NON-CURRENT LIABILITIES			
Hire Purchase Liabilities	16	118,457	-
Other non-current liabilities		7,335	-
TOTAL NON-CURRENT LIABILITIES		125,792	-
TOTAL LIABILITIES		558,039	507,879
NET ASSETS		97,891	138,911
EQUITY			
Issued capital	15	740,866	740,866
Accumulated losses		(642,975)	(601,955)
TOTAL EQUITY		97,891	138,911

Allwellness Holdings Group Limited

ABN: 42 604 613 050

Consolidated Statement of Changes in Equity For the Half-Year Ended 31 December 2018

	Ordinary Shares	Retained Earnings	Total
Note	\$	\$	\$
Balance at 1 July 2018	740,866	(601,955)	138,911
Loss for the period	-	(41,020)	(41,020)
Other comprehensive income	-	-	-
Total comprehensive loss	-	(41,020)	(41,020)
Balance at 31 December 2018	740,866	(642,975)	97,891

	Ordinary Shares	Retained Earnings	Total
Note	\$	\$	\$
Balance at 1 July 2017	740,866	(244,678)	496,188
Loss for the period	-	(87,911)	(87,911)
Other comprehensive income	-	-	-
Total comprehensive loss	-	(87,911)	(87,911)
Balance at 31 December 2017	740,866	(332,589)	408,277

The accompanying notes form part of these financial statements.

Allwellness Holdings Group Limited

ABN: 42 604 613 050

Consolidated Statement of Cash Flows
For the Half-Year Ended 31 December 2018

	31 December 2018	31 December 2017
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	348,922	228,986
Payments to suppliers and employees	(326,491)	(348,722)
Interest received	636	1,453
Net cash provided by/ (used in) operating activities	<u>23,067</u>	<u>(118,283)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments for intangible assets	-	(4,881)
Purchase of property, plant and equipment	(93,945)	-
Net cash provided by/ (used in) investing activities	<u>(93,945)</u>	<u>(4,881)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Loans from related parties	-	13,140
Net cash provided by/(used in) financing activities	<u>-</u>	<u>13,140</u>
Net increase/(decrease) in cash and cash equivalents held	(70,878)	(110,024)
Cash and cash equivalents at beginning of year	363,399	664,273
Cash and cash equivalents at end of the half year	<u>7</u> <u>292,521</u>	<u>554,249</u>

Notes to the Financial Statements

For the Half-Year Ended 31 December 2018

1 Basis of Preparation

These general purpose financial statements for the half-year reporting period ended 31 December 2018 have been prepared in accordance with the requirements of AASB 134 interim Financial Reporting and the Corporations Act 2001. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 Interim Financial Reporting. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2018, together with any public announcements made during the following half year in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The functional and presentation currency of the Group is Australian dollars.

These financial statements were authorised for issue by the board of directors on the date of signing this financial report.

2 New accounting standard adopted

The consolidated entity has adopted all the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

Financial Instruments - Adoption of AASB 9

The consolidated entity has adopted AASB 9 from 1 July 2018. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income ('OCI'). Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

Impact of adoption

The group adopted simplified approach to measuring expected credit losses for trade and other receivables, which uses a lifetime expected loss allowance. Impact of this new approach over trade and other receivable as at 30 June 2018 is assessed to be immaterial. There is no other impact of adoption of AASB 9.

Allwellness Holdings Group Limited

ABN: 42 604 613 050

Notes to the Financial Statements

For the Half-Year Ended 31 December 2018

Revenue from Contracts with Customers - Adoption of AASB 15

The consolidated entity has adopted AASB 15 from 1 July 2018. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

Impact of adoption

The Group has selected to use modified retrospective approach in adopting AASB 15 which recognises the cumulative effect of initial application through opening retained earnings as at 1 July 2018. After reviewing and assessing the group's situation, management determined that the refund liabilities in relation with sales discount is now required to be recognised and the amount of the refund liability as at 30 June 2018 is not material. As a result, no adjustment was applied to the opening retained earnings.

New Accounting Standards and Interpretation not effective

The company has not early adopted following issued standards/amendments/Interpretations which are not effective yet. The impact of the adoption of this standard and interpretation impact has not been assessed.

AASB 16 Leases

AASB Interpretation 23 Uncertainty over Income Tax
Treatments, and relevant amending standards

Effective for annual reporting period beginning
on or after
1 Jan 2019
1 Jan 2019

3 Summary of Significant Accounting Policies

(a) Going concern

The financial statements have been prepared on a going concern basis. During the period ended 31 December 2018 the Group incurred a net loss of \$41,020 (31 December 2017: \$87,911). As at that date, the group had a net asset position of \$97,891 (30 June 2018: \$138,911), which included cash and cash equivalents of \$292,520.

Actual sales have been less than forecasted sales during the half-year periods, mainly due to the limited sales channel and small market share of health product industry. The Group has enhanced its sales team to expand the market by connecting more product-distributors. Furthermore, the Group will strengthen the marketing strategy by putting more effort on advertising its products to social media. These measures are expected to allow the group to increase the sales volume and ultimately improve the Group's financial condition.

Further to the above, Allwellness Holdings Group Limited is dependent on the ongoing financial support of a director to not recall a loan of \$352,164, accordingly a letter of financial support has been obtained.

Based on this management and the board are of the opinion that the operations of the Group are viable and will continue as a going concern.

(b) 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.

Notes to the Financial Statements

For the Half-Year Ended 31 December 2018

(c) Trade and other receivables

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

(d) Revenue recognition

The consolidated entity recognises revenue as follows:

Revenue from contracts with customers:

Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are initially recognised as deferred revenue in the form of a separate refund liability.

Sale of goods

Revenue from the sales of goods is recognised when the performance obligation of the sales has been fulfilled and control of the good has been transferred to the customer. Specifically, revenue from the sale of goods is recognised when goods are delivered, and legal title is passed.

Interest

Interest revenue is recognised as interest accrues using the effective interest method.

Other income

Other income is recognised on an accrual basis when the Group is entitled to the payment.

Alliwellness Holdings Group Limited

ABN: 42 604 613 050

Notes to the Financial Statements

For the Half-Year Ended 31 December 2018

(e) Property, plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment loss.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal.

Depreciation

The depreciable amount of all fixed assets is depreciated on a reducing balance basis over the assets' useful life to the consolidated group commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable asset are shown below:

Class of Fixed Assets	Depreciation rate
Leasehold improvement	12.50%
Motor Vehicles	12.50%
Machinery Equipment	10.00%

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed and adjusted is appropriate, at balance date.

The assets 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 included in the Consolidated Statement of Profit and Loss.

4 Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgements incorporated into the financial report 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 Group.

Income Tax

Significant estimates are made to determine both current and deferred tax liabilities/assets. The Group must then determine the possibility that deferred tax assets will be utilised and offset against future taxable profits. The actual results may differ from these estimates, for instance due to changes in the business climate, changed tax legislation, or the outcome of the final review by the Australian Taxation Office.

As at the reporting date, the group determined that the deferred tax assets and related income tax benefit were not recognised in the reporting period as it is not certain when the group is able to generate sufficient taxable income.

Allwellness Holdings Group Limited

ABN: 42 604 613 050

Notes to the Financial Statements For the Half-Year Ended 31 December 2018

5 Revenue, cost of sales and other income

	31 December 2018 \$	31 December 2017 \$
Sales revenue		
- sales of healthy product	257,306	225,581
- OEM	178,905	-
	<u>436,211</u>	<u>225,581</u>
Cost of goods sold		
- sales of healthy product	(60,166)	(119,516)
- OEM	(168,176)	-
	<u>(228,342)</u>	<u>(119,516)</u>
Other income		
Sales of inventory racks	7,200	-
Interest income	636	1,453
Foreign exchange gain/(loss)	(1,505)	-
	<u>6,331</u>	<u>1,453</u>

6 Expenses

Other administrative expenses includes the following specific expenses:

	31 December 2018 \$	31 December 2017 \$
Listing fee	18,446	26,423
Office supply	17,253	10,853
Travel	13,415	4,166
Impairment loss of assets	5,869	-
Others	3,810	-
	<u>58,793</u>	<u>41,442</u>

7 Cash and Cash Equivalents

	31 December 2018 \$	30 June 2018 \$
Cash on hand	1,890	1
Bank balances	290,631	363,398
Total cash and cash equivalents	<u>292,521</u>	<u>363,399</u>

Allwellness Holdings Group Limited

ABN: 42 604 613 050

Notes to the Financial Statements For the Half-Year Ended 31 December 2018

8 Trade and other receivables

Trade receivables	12,061	24,669
Provision for doubtful debt	(5,869)	-
Net Trade receivable	6,192	24,669
GST receivable	3,201	2,773
	9,393	27,442

The company has recognised a loss of \$5,869 (30 June 2018: \$nil) in the profit and loss in respect of the expected credit losses for the half-year ended 31 December 2018.

9 Inventories

At cost:		
Stock on hand	62,491	76,875
	62,491	76,875

10 Other current and non-current Assets

CURRENT		
Prepayments	10,239	113,229
Deposits	26,685	60,060
	36,924	173,289
NON-CURRENT		
Rental deposit	16,500	-

11 Property, plant and equipment

	31 December 2018 \$	30 June 2018 \$
Equipment		
At cost	46,622	2,945
Accumulated depreciation	(230)	(2,945)
Total Equipment	46,392	-
Motor vehicles		
At cost	148,800	-
Accumulated depreciation	(8,495)	-
Total motor vehicles	140,305	-
Leasehold Improvements		
At cost	46,661	18,987
Accumulated amortisation	(288)	(18,987)
Total leasehold improvements	46,373	-
Total property, plant and equipment	233,070	-

The balance of PPE as at 31 December 2018 represented equipment, motor vehicle and leasehold improvement acquired during the reporting period.

Allwellness Holdings Group Limited

ABN: 42 604 613 050

Notes to the Financial Statements For the Year Ended 31 December 2018

12 Trade and Other Payables

	31 December 2018 \$	30 June 2018 \$
CURRENT		
Trade payables	9,748	870
Customers' advanced payments	-	113,439
Accrued expenses	20,137	33,136
	<u>29,885</u>	<u>147,445</u>

13 Borrowings

CURRENT		
Unsecured liabilities:		
Loan payable to Yong Zhang	352,164	352,164

The loan is unsecured and has been provided on interest free terms. The director has agreed in writing not to recall the loan within 12 months from the date of signing the half yearly financial report.

14 Provision

Provision for annual leave	15,354	8,270
	<u>15,354</u>	<u>8,270</u>

15 Issued Capital

25,000,000 (2018: 25,000,000) Ordinary shares	740,866	740,866
Total issued capital	<u>740,866</u>	<u>740,866</u>

Ordinary shares participate in dividends and the proceeds on winding up of the group in proportion to the number of shares held.

At the shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

Allwellness Holdings Group Limited

ABN: 42 604 613 050

Notes to the Financial Statements For the Half-Year Ended 31 December 2018

16 Lease Commitments

Lease commitments - operating

Committed at the reporting date but not recognised as liabilities, payable:

	31 December 2018	30 June 2018
	\$	\$
- Less than one year	60,525	20,051
- Between one year and three years	62,341	3,342
- Between three years and five years	110,652	-
	<u>233,518</u>	<u>23,393</u>

Finance Lease

	31 December 2018	30 June 2018
	\$	\$
Current portion of hire-purchase liability:		
- Finance - Forklift	7,193	-
-Unexpired Interest Charge - Forklift	(1,478)	-
-Finance - Benz Car	31,022	-
-Unexpired Interest Charge - Benz Car	(7,057)	-
	<u>29,680</u>	<u>-</u>
Non-current portion of hire-purchase liability:		
-Finance - Forklift	19,478	-
-Unexpired Interest Charge - Forklift	(2,565)	-
-Finance - Benz Car	117,801	-
-Unexpired Interest Charge - Benz Car	(16,257)	-
	<u>118,457</u>	<u>-</u>

Finance lease are hire purchase leases for motor vehicles and are secured against the vehicles.

17 Contingencies

In the opinion of the Directors, the Group did not have any contingencies at 31 December 2018 (30 June 2018: None). available to other parties unless otherwise stated.

Allwellness Holdings Group Limited

ABN: 42 604 613 050

Notes to the Financial Statements For the Year Ended 31 December 2018

18 Related Parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The following transactions occurred with related parties:

<i>Transactions with related parties</i>	Half year ended 31 December 2018	Half year ended 31 December 2017
	\$	\$
Sales to a company controlled by the director	-	130,378
Remuneration paid to CFO Junping Hao	20,000	18,461
Remuneration paid to Executive director - Yong Zhang	40,000	36,923
Reimbursement claimed by Director-Yong Zhang	8,868	-

<i>Balance with related parties</i>	As at 31 December 2018	As at 30 June 2018
Balance of interest free loan provided by director - Yong Zhang	352,164	352,164
Balance of outstanding reimbursement to director - Yong Zhang	8,868	-

19 Events Occurring After the Reporting Date

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

20 Statutory Information

The registered office and principal place of business of the company is:

Allwellness Holdings Group Limited
Unit 2
3 - 11 Hallmark Street
Pendle Hill, NSW, Australia 2145

Allwellness Holdings Group Limited

ABN: 42 604 613 050

Directors' Declaration

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2018 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



Yong Zhang

Director

14 March 2019

Independent Auditor's Review Report to the Members of Allwellness Holdings Group Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Allwellness Holdings Group Limited and its controlled entity(the Group) which comprises the consolidated financial position as at 31 December 2018, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flow for the half-year ended on that date, and notes to the financial statements, including a summary of significant accounting policies, and the director's declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Group are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2018 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2018 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Material Uncertainty regarding Going Concern

Without modifying our conclusion, we draw attention to the Note 3a "Going concern" of the financial report which indicate the Group incurred a net loss of \$41,020 (31 December 2017: net loss 87,911) and, as at that date, the group had net asset position of \$97,891 (30 June 2018: \$138,911). The ability of the Group to continue as a going concern is dependent upon its ability to generate sufficient cash from operation and obtain financial support of the directors. These events or conditions, along with other matters as set forth in Note 3a, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern.

Wis Partners

Zhiyuan Liang (RCA:473429)

Partner

14 March 2019