

NFM GROUP LIMITED

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Consolidated Financial Statements

for the year ended 31 December 2015

NFM GROUP LIMITED

CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2015

Contents

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	5
STATEMENT OF FINANCIAL POSITION	6
STATEMENT OF CHANGES IN EQUITY	7
STATEMENT OF CASH FLOW	8
NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES	9
NOTE 2: SUBSEQUENT EVENTS	19
NOTE 3: REVENUE	19
NOTE 4: INCOME TAX EXPENSES	19
NOTE 5: ISSUED CAPITAL	19
NOTE 6: COMMITMENTS & CONTINGENCIES	20
NOTE 7: SEGMENT INFORMATION	20

NFM GROUP LIMITED

CONSOLIDATED FINANCIAL STATEMENTS **for the year ended 31 December 2015**

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NFM GROUP LIMITED **(Incorporated in British Virgin Island)**

Report on the Financial Statements

We have audited the financial statements of NFM GROUP LIMITED, which comprise the statement of financial position as at 31 December 2015, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial period 12 months ended at 31 December 2015.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with International Financial Reporting Standards and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors also state, in accordance with International Accounting Standard IAS 1 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Accounting Standard. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, we consider internal control relevant to the Company's preparation of financial statements that give a true and fair view 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 Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as of 31 December 2015 and of its financial performance and cash flows for the financial year then ended in accordance with International Financial Reporting Standards.

Other Matters

This report is made solely to the members of the Company, as a body. We do not assume

NFM GROUP LIMITED

CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2015

responsibility to any other person for the content of this report.



WEE HOE KHEE
Chartered Accountant

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Date: 30/5/2016

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NFM GROUP LIMITED

CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2015

STATEMENT BY THE DIRECTOR

I, Zheng Bowen, the director of NFM Group Limited, state that, in my opinion, the accompanying financial statements are drawn up in accordance with International Financial Reporting Standards ("IFRS") so as to give a true and fair view of the state of affairs of the Company as at 31 December 2015 the results, changes in equity and cash flows of the Company for the 12 months period ended on that date.

A handwritten signature in black ink, appearing to be 'Zheng Bowen', written over a horizontal line.

Zheng Bowen
Director
NFM Group Limited

Dated: 30 May 2016

NFM GROUP LIMITED

CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2015

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	31/12/2015	31/12/2014
	\$	\$
Revenue	4,195,261.72	1,554,031
Cost of sales	(93,921.63)	(289,384)
Gross profit	4,101,340.09	1,264,647
Other income	1,175.14	393
Selling expenses	(10,214.97)	(92,021)
Administration expenses	(4,264,281.68)	(1,079,885)
Finance costs	1,287	(307)
Profit/(Loss) before income tax expense	(170,694.42)	92,827
Income tax expense	(14,961.92)	(23,207)
Net profit/(loss) after income tax expense	(155,732.5)	69,620
Other comprehensive income		
Foreign currency translation differences	3,805	85,173
Other comprehensive (loss)/income for the period, net of tax	3,805	85,173
Total comprehensive (loss)/income for the financial period	(151,927.5)	154,793

NFM GROUP LIMITED

CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2015

STATEMENT OF FINANCIAL POSITION

	Notes	31/12/2015 \$	31/12/2014 \$
CURRENT ASSETS			
Cash and cash equivalents		3,281,746.41	985,371
Trade and other receivables		5,649,999.57	327,821
TOTAL CURRENT ASSETS		8,931,745.98	1,313,192
NON-CURRENT ASSETS			
Plant and equipment		573,231.25	67,040
TOTAL NON-CURRENT ASSETS		573,231.25	67,040
TOTAL ASSETS		9,504,977.23	1,380,232
CURRENT LIABILITIES			
Trade and other payables		8,619,923	1,149,159
Current income tax liabilities		140,055.1	20,344
TOTAL CURRENT LIABILITIES		8,759,978.1	1,169,503
TOTAL LIABILITIES		8,759,978.1	1,169,503
NET ASSETS		744,999.13	210,729
EQUITY			
Contributed equity	5	1,585,515	308,729
Reserves		3,805	85,173
Accumulated losses		(205,362)	(183,173)
TOTAL EQUITY		1,383,958	210,729

NFM GROUP LIMITED

CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2015

STATEMENT OF CHANGES IN EQUITY

	Contributed Equity \$	Accumulated Losses \$	Foreign Currency Translation Reserve \$	Total \$
Balance at 1 January 2014	308,729	(252,793)	61,710	117,646
Profit/(Loss) after income tax for the year	-	69,620	-	69,620
Other comprehensive income	-	-	-	-
- Exchange differences on translation of foreign operations	-	-	23,463	23,463
Total comprehensive (loss)/income for the year	-	69,620	23,463	93,083
Balance 31 December 2014	308,729	(183,173)	85,173	210,729
Profit/(Loss) after income tax for the year	-	(22,189)	-	(22,189)
Other comprehensive income	-	-	-	-
- Exchange differences on translation of foreign operations	-	-	(81,368)	(81,368)
Total comprehensive (loss)/income for the year	-	(22,189)	(81,368)	(103,557)
Transaction with owners in their capacity as owners	1,276,786	-	-	1,276,786
Contributions of equity, net of transaction costs	1,585,515	(205,362)	3,805	1,383,958
Balance at 31 December 2015	1,585,515	(205,362)	3,805	1,383,958

NFM GROUP LIMITED

CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2015

STATEMENT OF CASH FLOW

	NOTE	31/12/2015	31/12/2014
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		2,350,987	1,642,474
Payments to suppliers and employees		1,327,815.67	1,053,911
Interest received		-	-
Income tax paid		(14,961.92)	(7,008)
NET CASH (USED IN)/PROVIDED BY OPERATING ACTIVITIES		1,008,209.41	595,571
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash payments to acquire property, plant & equipment			14,987
Cash receipts from sale of property, plant & equipment		7,575	
NET CASH USED IN INVESTING ACTIVITIES		7,575	(14,987)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		-	-
Repayment of borrowings		-	-
Proceeds from capital contribution by shareholders		1,276,786	-
NET CASH PROVIDED BY FINANCING ACTIVITIES		1,276,786	
NET (DECREASE)/INCREASE IN CASH HELD			
Effects of exchange rate changes on the balance of cash held in foreign currency		3,805	85,173
Cash and cash equivalents at beginning of the year		985,371	319,614
CASH AT END OF THE PERIOD		3,281,746.41	985,371

NFM GROUP LIMITED

CONSOLIDATED FINANCIAL STATEMENTS **FOR the financial period 12 months ended** **31 December 2015**

NOTES TO THE FINANCIAL STATEMENTS

This financial report includes the financial statements and notes of NFM Group Limited (the Company) which registered in British Virgin Island.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of preparation

The financial report has been prepared in accordance with International Financial Reporting Standards and other authoritative pronouncements of the International Accounting Standards Board. Significant material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities as issued by the International Accounting Standards Board.

b. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the board of directors.

c. Foreign currency translation

Functional and presentation currency

Items included in the financial statements are measured in Chinese Yuan, the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Australian dollars, which is the presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss and other comprehensive income, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are

NFM GROUP LIMITED

CONSOLIDATED FINANCIAL STATEMENTS FOR the financial period 12 months ended 31 December 2015

NOTES TO THE FINANCIAL STATEMENTS

attributable to part of the net investment in a foreign operation.

d. Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Risks and rewards of ownership are considered passed to the buyer at the time of delivery of the goods to the customer.

e. Trade and other receivables

Trade receivables for the activities which generally have 30 to 90 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. Non-current trade and other receivables are discounted to their present value based on market rates of interest.

Collectability of trade receivables is reviewed on an ongoing basis. Individual debts that are known to be uncollectible are written off when identified. An allowance for impairment is recognised when there is objective evidence that the Company will not be able to collect the receivable. Financial difficulties of the debtor, default payments or overdue debts are considered objective evidence of impairment. The amount of the impairment loss is the receivable carrying amount compared to the present value of estimated future cash flows, discounted at the original effective interest rate.

f. Borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost.

Borrowing Costs

Borrowing costs are expensed as incurred (using effective interest rate method), except

NFM GROUP LIMITED

CONSOLIDATED FINANCIAL STATEMENTS **FOR the financial period 12 months ended** **31 December 2015**

NOTES TO THE FINANCIAL STATEMENTS

where they are directly attributable to the acquisition or construction of a qualifying asset, in which case they are capitalised as part of the asset. The Company does not have any qualifying assets in the reporting period.

g. Impairment of Assets

At the end of each reporting period, the Company assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information. 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 to sell and value in use, to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of profit or loss and other comprehensive income.

Where it is not possible to estimate the recoverable amount of an individual asset, the Company 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.

h. Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at bank and in hand and short term deposits with an original maturity of 3 months or less.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

i. Financial Instruments

Recognition and initial measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Company commits itself to either the purchase or sale of the asset (ie 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 the statement of profit or loss and other

NFM GROUP LIMITED

CONSOLIDATED FINANCIAL STATEMENTS FOR the financial period 12 months ended 31 December 2015

NOTES TO THE FINANCIAL STATEMENTS

comprehensive income, in which case transaction costs are expensed to the statement of profit or loss and other comprehensive income immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at either of fair value, amortised cost using the effective interest rate method or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable willing parties. 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, plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method, and less any reduction for impairment.

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.

- 3 Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in the statement of profit or loss and other comprehensive income.

Financial assets at fair value through profit or loss

Financial assets are classified at 'fair value through the statement of profit or loss and other comprehensive income when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in the statement of profit or loss and other comprehensive income.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

NFM GROUP LIMITED

CONSOLIDATED FINANCIAL STATEMENTS **FOR the financial period 12 months ended** **31 December 2015**

NOTES TO THE FINANCIAL STATEMENTS

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period. (All other loans and receivables are classified as non-current assets.)

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period. (All other investments are classified as current assets.)

If during the period the Company sold or reclassified more than an insignificant amount of the held-to-maturity investments before maturity, the entire held-to-maturity investments category would be tainted and reclassified as available-for-sale.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

Available-for-sale financial assets are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period. (All other available-for-sale financial assets are classified as current assets.)

Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Impairment

The Company assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss

NFM GROUP LIMITED

CONSOLIDATED FINANCIAL STATEMENTS **FOR the financial period 12 months ended** **31 December 2015**

NOTES TO THE FINANCIAL STATEMENTS

on that financial asset previously recognised in the statement of profit or loss and other comprehensive income – is removed from equity and recognised in the statement of profit or loss and other comprehensive income. Impairment losses recognised in the statement of profit or loss and other comprehensive income on equity instruments classified as available-for-sale are not reversed through the statement of profit or loss and other comprehensive income.

j. Trade and other payables

Trade payables and other payables are carried at cost and represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services.

k. Provisions

Provisions are recognised when the Company has a present (legal or constructive) obligation as a result of a past event, it is probable the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

l. Property, plant and equipment

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

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. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

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

NFM GROUP LIMITED

CONSOLIDATED FINANCIAL STATEMENTS **FOR the financial period 12 months ended** **31 December 2015**

NOTES TO THE FINANCIAL STATEMENTS

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 Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during 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 Company 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:

<u>Class of Fixed Asset</u>	<u>Depreciation Rate</u>
Motor Vehicles	20% - 25%
Electrical and Electronic equipment	20 % - 33%
All other equipment	20% - 25%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

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 and losses are included in the income statement.

m. Income Tax

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

Current income tax expense charged to the statement of comprehensive income is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the end of the reporting period. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant

NFM GROUP LIMITED

CONSOLIDATED FINANCIAL STATEMENTS **FOR the financial period 12 months ended** **31 December 2015**

NOTES TO THE FINANCIAL STATEMENTS

taxation authority.

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

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the statement of comprehensive income when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, 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, based on tax rates enacted or substantively enacted at the end of the reporting period. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

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.

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 a legally enforceable right of set-off exists, 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.

n. Other taxes

Revenues, expenses and assets are recognised net of the amount of VAT, except where the

NFM GROUP LIMITED

CONSOLIDATED FINANCIAL STATEMENTS
FOR the financial period 12 months ended
31 December 2015

NOTES TO THE FINANCIAL STATEMENTS

amount of VAT incurred is not recoverable from the tax office.

Receivables and payables are stated inclusive of the amount of VAT receivable or payable. The net amount of VAT recoverable from, or payable to, the tax office is included with other receivables or payables in the statement of financial position.

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

o. Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of business are not included in the cost of the acquisition as part of the purchase consideration.

p. Significant accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the result of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

Management has not identified any critical accounting policies for which significant judgements, estimates and assumptions are made.

q. New Accounting Standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the 31 December 2015 reporting period. The Company's assessment of the impact of these new standards and interpretations is that they will result in no significant changes to the amounts recognised or matters disclosed in the Company's financial

NFM GROUP LIMITED

CONSOLIDATED FINANCIAL STATEMENTS FOR the financial period 12 months ended 31 December 2015

NOTES TO THE FINANCIAL STATEMENTS

statements.

NOTE 2: SUBSEQUENT EVENTS

No matters or circumstances have arisen since the end of the financial 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.

NOTE 3: REVENUE

	31 Dec 2015	31 Dec 2014
	\$	\$
Sale of goods	4,195,261.72	1,554,031

NOTE 4: INCOME TAX EXPENSES

The major components of tax expense and the reconciliation of the expected tax expense based on the domestic effective tax rate of the Group. Assessable earnings are taxed at 25%.

The components of tax expense comprise:

	31 Dec 2015	31 Dec 2014
	\$	\$
Current income tax	14,961.92	13,074

The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax as follows:

	31 Dec 2015	31 Dec 2014
	\$	\$
Prima facie tax payable on profit from ordinary activities before income tax at local tax rates		23,207
Add/(Less):		
Tax effect of other allowable items	-	-
Income tax attributable to the Company		23,207

NOTE 5: ISSUED CAPITAL

	31 Dec 2015	31 Dec 2014
	\$	\$
8,000,000 (2015: 8,000,000) fully paid ordinary shares	1,585,515	308,729

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares

NFM GROUP LIMITED

CONSOLIDATED FINANCIAL STATEMENTS
FOR the financial period 12 months ended
31 December 2015

NOTES TO THE FINANCIAL STATEMENTS

held. The fully paid ordinary shares have no par value.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

NOTE 6: COMMITMENTS & CONTINGENCIES

The Company has no contingent assets or liabilities that should be disclosed in accordance with AASB 137.

NOTE 7: SEGMENT INFORMATION

The directors have considered the requirements of AASB 8 Operating Segments and the internal reports that are received by the Board in allocating resources and have concluded at this time that there are no separately identifiable segments. This decision has been made specifically in light of the reduced size and scope of the Company's operations given the restructure of the Company including its abandoned and discontinued operations as disclosed throughout the report.