

**KINGFORM HEALTH HOMETEXTILE GROUP LIMITED
AND ITS CONTROLLED ENTITIES
ACN 153 801 766**

**HALF-YEAR REPORT
FOR THE PERIOD ENDED 31 DECEMBER 2015**

Content

- **Appendix 4 D**
- **Consolidated Financial Statements**

Kingform Health Hometextile Group Limited and its Controlled Entities

ACN 153 801 766

– Half Year Report

Appendix 4D

Half Year Report Given to the ASX under Listing Rule 4.2A

Name of entity

KINGFORM HEALTH HOMETEXTILE GROUP LIMITED

ABN

ABN 89 153 801 766

Reporting period

Half Year ended 31 December 2015

Previous corresponding period

Half Year ended 31 December 2014

Kingform Health Hometextile Group Limited and its Controlled Entities

ACN 153 801 766

1. Results for Announcement to the Market

Revenue from continuing operations	Up	42%	to	\$3,301,756
Loss from ordinary operations after income tax attributable to members	Down	99.82%	to	\$8,220
Net loss for the period attributable to members	Down	99.82%	to	\$8,220
Net tangible asset value per share	As at 31 December 2015			\$0.0004
	As at 31 December 2014			\$0.0068

2. Review of Operations

A review of operations is included in the Directors' Report.

3. Details of Controlled Entities

No gain or loss of control of other entities occurred in the period.

4. Details of Associates and Joint Venture Entities

The Consolidated Group has no associates or joint venture entities.

5. Dividends

No dividend was paid or proposed for the half year ended 31 December 2015.

6. Audit Disputes or Qualifications

There are no audit disputes or qualifications.

7. Accounting Standards

Australian Accounting Standards have been used in complying the information contained in Appendix 4D.

**KINGFORM HEALTH HOMETEXTILE GROUP LIMITED
AND ITS CONTROLLED ENTITIES
ACN 153 801 766**

**Consolidated Financial Statements
For the Half Year Ended 31 December 2015**

Kingform Health Hometextile Group Limited and its Controlled Entities

ACN 153 801 766

Contents	Page
Directors' Report	6
Auditor's independence declaration	7
Consolidated Statement of Profit or Loss and Other Comprehensive Income	8
Consolidated Statement of Financial Position	9
Consolidated Statement of Changes in Equity	10
Consolidated Statement of Cash Flows	11
Notes to the Consolidated Financial Statements	12
Declaration by Directors	19
Independent Auditor's Review Report	20

Kingform Health Hometextile Group Limited and its Controlled Entities

ACN 153 801 766

DIRECTORS' REPORT

Your directors submit the financial report of the consolidated group for the half-year ended 31 December 2015.

Directors

The names of directors who held office of Kingform Health Hometextile Group Limited during or since the end of the half-year:

Xikang Jin
Xun Yang
Paul Desmond Nolan

Review of Operations

The operating loss of Kingform Health Hometextile Group Ltd and its Controlled Entities ('the Group') after providing for income tax amounted to \$8,220. Total comprehensive loss for the half year amounted to a loss of \$622,808. This was mainly caused by the loss on the revaluation of buildings and the foreign exchange loss on translation resulting from the moderate depreciation of Australian Dollar, being the reporting currency of the Group.

During the period, the growing domestic labour cost and price of raw materials have negatively affected the Group's profitability. In response to these increased costs, the management are reviewing and improving existing manufacturing processes and procedures.

The public listing has proven beneficial to the Group in terms of enhanced brand awareness and sales volume. The Group continues to build strong relationship with its key export customers, such as K-mart Australia. The management look forward to further capitalising on the strengthened brand awareness and delivering long-term value to its shareholders.

Subsequent to period-end the Company has gradually closed down its domestic retail stores and focused on overseas sales and have developed a number of new customers in Europe and Australia which contributed additional sales in 2016 & 2017. The inventory levels have also reduced as a result of this. At the end of June 2017 the Company's cash balance was improved to approximate \$900k. In addition, the Company successfully refinanced its existing borrowing facilities with new repayment date now being between June 2017 and May 2018.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under s 307C of the *Corporations Act 2001* is set out on page 7.

The report is signed in accordance with a resolution of the Board of Directors.



Director
Xikang Jin
30 August 2017

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the directors of Kingform Health Hometextile Group Limited

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2015 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.

ShineWing Australia
ShineWing Australia
Chartered Accountants

M Schofield

Matthew Schofield
Partner

Melbourne, 30 August 2017

Kingform Health Hometextile Group Limited and its Controlled Entities

ACN 153 801 766

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

		Consolidated Group	Consolidated Group
	Note	31.12.2015	31.12.2014
		\$	\$
Revenue	3	3,301,756	2,319,312
Cost of sales		(2,691,351)	(1,454,662)
Gross profit		610,405	864,650
Other income	3	25,570	33,360
Selling expenses		(225,807)	(147,439)
Administration expenses		(346,504)	(550,294)
Finance costs		(111,888)	(103,139)
Realised foreign exchange gain / (loss)		94,959	(5,772)
Impairment Expense	3	(35,603)	(4,659,224)
Profit / (Loss) before income tax		11,132	(4,567,858)
Income tax expense		(19,352)	-
Loss for the period		(8,220)	(4,567,858)
Other comprehensive (loss) / income:			
Loss on revaluation of buildings, net of tax		(569,622)	-
Foreign currency translation differences		(44,966)	1,106,983
Total other comprehensive (loss) / income for the period		(614,588)	1,106,983
Total comprehensive loss for the period		(622,808)	(3,460,875)
Net loss attributable to:			
Members of the entity		(8,220)	(4,567,858)
Total comprehensive loss attributable to:			
Members of the entity		(622,808)	(3,460,875)

The accompanying notes form part of these financial statements.

		Cents	Cents
Earnings per share from continuing operation	8		
Basic loss per share		(0.01)	(5.83)
Diluted loss per share		(0.01)	(5.83)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Kingform Health Hometextile Group Limited and its Controlled Entities

ACN 153 801 766

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2015

	Note	Consolidated Group 31.12.2015 \$	Consolidated Group 30.6.2015 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		530,383	61,816
Guarantee deposit with maturity over three months		-	240,700
Trade and other receivables	4	1,290,718	1,222,186
Inventories	5	1,995,243	2,268,383
TOTAL CURRENT ASSETS		3,816,344	3,793,085
NON-CURRENT ASSETS			
Property, Plant and Equipment		2,469,547	3,299,357
Intangible Assets	6	4,716,239	4,836,020
TOTAL NON-CURRENT ASSETS		7,185,786	8,135,377
TOTAL ASSETS		11,002,130	11,928,462
 LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		1,729,984	1,782,341
Borrowings		3,477,931	3,527,752
TOTAL CURRENT LIABILITIES		5,207,915	5,310,093
NON-CURRENT LIABILITIES			
Deferred tax liabilities		1,047,491	1,248,836
TOTAL NON-CURRENT LIABILITIES		1,047,491	1,248,836
TOTAL LIABILITIES		6,255,406	6,558,929
NET ASSETS		4,746,724	5,369,533
 EQUITY			
Contributed equity	7	6,727,056	6,727,056
Reserves		4,949,308	5,563,897
Accumulated losses		(6,929,640)	(6,921,420)
TOTAL EQUITY		4,746,724	5,369,533

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Kingform Health Hometextile Group Limited and its Controlled Entities

ACN 153 801 766

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

Consolidated Group

	Contributed equity	Retained Earnings / (Accumulated Losses)	Revaluation Surplus	Foreign Currency Translation Reserve	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2014	6,727,056	(1,274,005)	2,558,383	1,229,611	9,241,045
Comprehensive income					
Loss for the period	-	(4,567,858)	-	-	(4,567,858)
Other comprehensive income for the period	-	-	-	1,106,983	1,106,983
Total comprehensive income for the period	-	(4,567,858)	-	1,106,983	(3,460,875)
Transactions with owners, in their capacity as owners and other transfers	-	-	-	-	-
Balance at 31 December 2014	6,727,056	(5,841,863)	2,558,383	2,336,594	5,780,170
Balance at 1 July 2015	6,727,056	(6,921,420)	2,558,383	3,005,513	5,369,532
Comprehensive income					
Loss for the period	-	(8,220)	-	-	(8,220)
Other comprehensive loss for the period	-	-	(569,622)	(44,966)	(614,588)
Total comprehensive loss for the period	-	(8,220)	(569,622)	(44,966)	(622,808)
Transactions with owners, in their capacity as owners and other transfers	-	-	-	-	-
Balance at 31 December 2015	6,727,056	(6,929,640)	1,988,761	2,960,547	4,746,724

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Kingform Health Hometextile Group Limited and its Controlled Entities

ACN 153 801 766

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

	Consolidated Group	Consolidated Group
	31.12.2015	31.12.2014
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	3,230,219	2,584,972
Payments to suppliers and employees	(2,987,083)	(2,885,497)
Government grants received	14,575	-
Interest received	170	-
Interest paid	(110,000)	(101,869)
Income tax paid	-	(47,946)
Net cash provided by /(used in) operating activities	147,881	(450,340)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(2,053)	(16,300)
Proceeds from deposits with maturity over three months	245,265	46,995
Loans to related parties – proceeds from repayments	81,081	166,017
Net cash provided by investing activities	324,293	196,712
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	2,614,299	2,190,461
Repayments of borrowings	(2,614,299)	(2,190,461)
Net cash used in financing activities	-	-
Net decrease in cash held	472,174	(253,628)
Cash and cash equivalents at beginning of period	61,816	343,334
Net exchange differences on translation into a different presentation currency	(3,607)	28,560
Cash and cash equivalents at end of period	530,383	118,266

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Kingform Health Hometextile Group Limited and its Controlled Entities

ACN 153 801 766

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

NOTE 1: BASIS OF PREPARATION OF HALF-YEAR FINANCIAL STATEMENTS

These general purpose financial statements for the half-year reporting period ended 31 December 2015 have been prepared in accordance with Australian Accounting Standard 134 Interim Financial Reporting and Corporations Act 2001.

These half-year financial statements do not include all the notes of the type normally included in annual financial statements and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial statements. Accordingly, these half-year financial statements are to be read in conjunction with the annual financial statements for the year ended 30 June 2015 and any public announcements made by Kingform Health Hometextile Group Ltd during the half-year reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The same accounting policies and methods of computation have generally been followed in these half-year financial statements as compared with the most recent annual financial statements. These financial statements were authorized for issue by directors on 30 August 2017.

Reporting Basis and Conventions

The half-year report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

Fair Values

Fair value is the amount at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair values derived may be based on information that is estimated or subject to judgment, where changes in assumptions may have a material impact on the amounts estimated. Areas of judgment and the assumptions have been detailed below. Where possible, valuation information used to calculate fair value is extracted from the market, with more reliable information available from markets that are actively traded. In this regard, fair values for listed securities are obtained from quoted market bid prices. Where securities are unlisted and no market quotes are available, fair value is obtained using discounted cash flow analysis and other valuation techniques commonly used by market participants.

Differences between fair values and carrying amounts of financial instruments with fixed interest rates are due to the change in discount rates being applied by the market since their initial recognition by the Group. Most of these instruments, which are carried at amortised cost (i.e. term receivables, held-to-maturity assets, loan liabilities), are to be held until maturity and therefore the fair value figures calculated bear little relevance to the Group.

Fair Value Hierarchy

AASB 13: Fair Value Measurement requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1

Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3

Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

Kingform Health Hometextile Group Limited and its Controlled Entities

ACN 153 801 766

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

NOTE 1: BASIS OF PREPARATION OF HALF-YEAR FINANCIAL STATEMENTS (CONTINUED)

Valuation techniques

The Group selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Group are consistent with one or more of the following valuation approaches:

- Market approach: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.
- Income approach: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.
- Cost approach: valuation techniques that reflect the current replacement cost of an asset at its current service capacity

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Group gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

New, Revised or Amending Accounting Standards and Interpretations Adopted

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

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Going Concern

The financial report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business.

For the half year ended 31 December 2015, the Group recorded a loss of \$8,220, incurred net cash inflows from operations of \$147,881, and had a net asset deficiency of \$1,391,571.

The ability of the Group to continue as a going concern is dependent upon the Group generating profitable operations and the refinancing of its existing borrowing facilities to continue to fund its operational and marketing activities.

After taking into account all available information, the Directors have concluded that Kingform Health Hometextile Group Limited is a going concern based on a number of factors including:

- The expectation that the Group will meet the requirements to refinancing its existing loans;
- The Group derived net cash inflows from operations of \$147,881;
- The operation performance of the Group continues to improve; and
- The major shareholder, Mr. Xikang Jin agreed to continue to support the Group once should it encounter any going concern issues.

Kingform Health Hometextile Group Limited and its Controlled Entities

ACN 153 801 766

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

NOTE 2: SEGMENT INFORMATION

The consolidated group operates in one business being the manufacture of hometextile products in China. These sales and the associated gross profits are spread across the following geographic segments:

Revenue and Gross Profit

	Revenue \$	Gross Profit \$	
Australia	1,215,457	255,994	
Korea	221,929	46,742	
United States	10,020	2,110	
China	1,832,565	300,971	
Other	21,785	4,588	
Total	3,301,756	610,405	

Non-Current Assets

	\$	
Australia	-	
China	7,185,786	
Total	7,185,786	

Note 3: PROFIT / (LOSS)FOR THE PERIOD

	Consolidated Group 31.12.2015 \$	Consolidated Group 31.12.2014 \$
Revenue and other income		
Sales revenue:		
– sale of goods	3,301,756	2,319,312
Other income:		
– Government grants received	14,575	11,306
– Other	10,995	22,054
	25,570	33,360
Impairment Expenses:		
– Write-down of inventories to net realisable value	-	1,631,227
– (Reversal) / Write-down of trade debtors	(95,292)	366,185
– Write-down of intangible assets	-	1,556,380
– Write-down of receivable from related party	130,895	312,213
– Write-down of receivable from Jin Xikang	-	793,219
	35,603	4,659,224

Kingform Health Hometextile Group Limited and its Controlled Entities

ACN 153 801 766

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

NOTE 4: TRADE AND OTHER RECEIVABLES

	Consolidated Group 31.12.15	Consolidated Group 30.06.15
CURRENT		
Trade receivables (excluded related parties)	1,508,222	1,350,130
Provision for impairment	(540,674)	(656,861)
	967,548	693,269
Other receivables	17,801	115,473
Provision for impairment	(17,801)	
	-	115,473
Prepayments	101,847	119,693
Amounts receivable from director	221,323	160,452
Amounts receivable from related parties	-	133,299
	323,170	528,917
Total current trade and other receivables	1,290,718	1,222,186

NOTE 5: INVENTORIES

	Consolidated Group 31.12.2015 \$	Consolidated Group 30.6.2015 \$
CURRENT		
Raw materials	163,153	275,954
Finished goods	1,832,090	1,992,429
	1,995,243	2,268,383

NOTE 6: INTANGIBLE ASSETS

	Consolidated Group 31.12.2015 \$	Consolidated Group 30.6.2015 \$
Trademarks and Patent		
Cost	1,722,623	1,722,623
Accumulated amortisation and impairment losses	(1,722,623)	(1,722,623)
Net carrying amount	-	-
Land use right		
Land use right at Independent valuation	5,148,423	5,222,173
Accumulated amortisation and impairment losses	(432,184)	(386,153)
Net carrying amount	4,716,239	4,836,020
Total intangibles	4,716,239	4,836,020

During the 2015 financial period a decline in the market resulted in revenue and gross profit margin being lower than originally forecast or anticipated. These changes have had a significant impact over the five year project period resulting in an impairment of \$1,556,380. The impairment charge recognised resulted in the carrying value of trademarks and patent as at 31 December 14 to be nil.

Kingform Health Hometextile Group Limited and its Controlled Entities

ACN 153 801 766

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

NOTE 7: CONTRIBUTED EQUITY

	Consolidated Group	Consolidated Group
	31.12.2015	31.12.2014
	\$	\$
Share capital	6,727,056	6,727,056

During the half-year ended 31 December 2015, there were no new shares issued.

NOTE 8: EARNINGS PER SHARE

	Consolidated Group	Consolidated Group
	31.12.2015	31.12.2014
	\$	\$
Earnings per share from continuing operations	\$	\$
Net loss attributable to owners of Kingform Health Hometextile Group Limited	(8,220)	(4,567,858)
	(8,220)	(4,567,858)
	No of share	No of share
Weighted average number of ordinary shares used in calculating basic earnings per share	78,315,545	78,315,545
	Cents	Cents
Loss per share	(0.01)	(5.83)
Diluted loss per share	(0.01)	(5.83)

NOTE 9: CONTINGENT LIABILITIES, COMMITMENTS AND CONTINGENT ASSETS

The Consolidated Group has no material contingent liability, commitments and contingent assets.

NOTE 10: EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

Subsequent to period-end the Group has gradually closed down its domestic retail stores and focus on the overseas sales and have developed a number of new customers in Europe and Australia which contributed additional sales in 2016 & 2017.

In addition, the Group successfully refinanced its existing borrowing facilities with new repayment date now being between June 2017 and May 2018.

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

Kingform Health Hometextile Group Limited and its Controlled Entities

ACN 153 801 766

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

NOTE 11: RELATED PARTY TRANSACTIONS

a. The Group's main related parties are as follows:

- i. Entities exercising control over the Group:
The ultimate parent entity that exercises control over the Group is Kingform Health Hometextile Group Limited, which is incorporated in Australia.
- ii. Key management personnel:
Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity, are considered key management personnel.
- iii. Entities subject to significant influence by the Group:
An entity that has the power to participate in the financial and operating policy decisions of an entity, but does not have control over those policies, is an entity which holds significant influence. Significant influence may be gained by share ownership, statute or agreement.
- iv. Other related parties:
Other related parties include entities controlled by the ultimate parent entity and entities over which key management personnel have joint control.

b. Transactions with related parties:

Terms and conditions of transactions between related parties refer to Note 11. c.

c. Amounts outstanding from related parties:

Trade and other receivables:

i. <i>Loans to director:</i>	
- Jin Xikang	
Beginning of the period	160,452
Loans advanced	122,001
Loans repayment received	(56,643)
Net exchange differences on translation into a different presentation currency	(4,487)
End of the period	<u>221,323</u>

The loan with related parties are interest free, and no written terms or conditions are made.

ii. <i>Loans to/ (from) other related parties:</i>	
- <i>Pan Jianwen</i>	
Beginning of the period	-
Loans from related party	(19,607)
Net exchange differences on translation into a different presentation currency	636
End of the period	<u>(18,971)</u>
- <i>Pan Jianxing</i>	
Beginning of the period	133,299
Loans repayment received	(4,831)
Write off loan	(130,895)
Net exchange differences on translation into a different presentation currency	2,427
End of the period	<u>-</u>

Kingform Health Hometextile Group Limited and its Controlled Entities

ACN 153 801 766

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

NOTE 12: DIVIDENDS

No dividends were paid or declared during the financial year.

Kingform Health Hometextile Group Limited and its Controlled Entities

ACN 153 801 766


DIRECTORS' DECLARATION

The directors of the company declare that:

1. the financial statements and notes, as set out on pages 13 to 17, are in accordance with the *Corporations Act 2001*, including:
 - a. complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
 - b. giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date.
2. in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Director



Xikang Jin

30 August 2017

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF KINGFORM HEALTH HOMETEXTILE GROUP LIMITED**

Report on the Half-Year Financial Report

We have reviewed the accompanying interim financial report of Kingform Health Hometextile Group Limited ("the Company") and controlled entities ("the Group") which comprises the consolidated balance sheet as at 31 December 2015, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and explanatory information, and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

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

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 a Financial Report 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 half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the company's financial position as at 31 December 2015 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 Kingform Health Hometextile Group Limited, 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:

- (i) giving a true and fair view of the Group's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- (ii) complying with AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

ShineWing Australia
ShineWing Australia
Chartered Accountants

A handwritten signature in black ink, appearing to read 'M Schofield'.

Matthew Schofield
Partner

Melbourne, 30 August 2017