ITM Corporation Ltd

(ABN 52 605 374 570)

Annual Financial Report

for the year ended 30 June 2017

Index

Corporate Information

ABN 52 605 374 570

Directors

Mr Jie Chen *(resigned on 31 May 2017)*	*Chairman*
Mr Gang Xu	*Director & CEO*
Mr Keong Chan	*Non-Executive Director*
Mr Jiahua Zhou *(appointed on 30 June 2017)*	*Executive Director*
Mr Weihua Xin *(resigned on 31 May 2017)*	*Non-Executive Director*

Company Secretary

Mr Keong Chan

Registered Office

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Principal Office

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West Perth WA 6005

Web Address

www.goitm.com

Auditors

RSM Australia Partners
8 St Georges Terrace
Perth WA 6000

Directors' Report

Your Directors present their report on ITM Corporation Ltd (the "Company") for the year ended 30 June 2017.

Directors

The names of directors who held office during the period and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Mr Jie Chen
(resigned on 31 May 2017)

Qualifications	Masters degree in economics. He has received numerous distinguished awards at provincial and national levels for his achievements in entrepreneurship and leadership including being one of the 10 excellent entrepreneurs in Shandong Province, top 20 best mine managers in the PRC and PRC's excellent entrepreneur.
Experience	Mr Chen has over 30 years of operational and management experience in the mining industry in the People's Republic of China (PRC).
Interest in Shares and Options	45,000,005 ordinary shares
Special Responsibilities	Chairman
Directorships in listed companies in the past 3 years	Riva Resources Limited

Mr Gang Xu

Qualifications	Mr Xu completed his Masters of Business Administration in the United States in 1997. He also completed his Masters of Geology in the PRC.
Experience	Mr Xu is a geologist with over 20 years' experience in the mining and energy industry. He spent 9 years as a senior exploration geologist with the China National Nuclear Corporation (CNNC), which explored for uranium in eastern and northern China. Mr Xu was also the Finance and Marketing Manager for Sino Gold Limited which developed the first international standard mining operation in the PRC. In addition to his technical skills and experience in exploration and mining, he has significant diverse experience in business research, marketing and finance.
Interest in Shares and Options	92,055,601 ordinary shares (including shares held by related parties)
Special Responsibilities	CEO
Directorships in listed companies in the past 3 years	Riva Resources Limited

Directors' Report (continued)

Mr Keong Chan

Qualifications	Bachelor of Commerce degree from the University of Western Australia and Master of International Customs Law and Administration from the University of Canberra.
Experience	Mr. Chan has provided advice to a number of companies on corporate matters in relation to capital raisings, IPOs, back door listings, mergers and acquisitions, takeovers/divestments and has sat on or acted as an advisor to a number of ASX listed boards.
Interest in Shares and Options	Nil
Special Responsibilities	Company Secretary
Directorships in listed companies in the past 3 years	Riva Resources Limited

Mr Jiahua Zhou
(appointed on 30 June 2017)

Qualifications	Mr Zhou holds a Bachelor of Management from Yanen University, Fujian China and Master of International Business from University of Western Sydney.
Experience	Mr Zhou is the founder and sole director of Aumake. Mr Zhou has worked in the Australian tourism industry for over 10 years in roles which have included the coordination of business and government delegations from China. From this experience, Mr Zhou has met a variety of different Chinese visitors which has given him a deep understanding of how Chinese and Australian cultures combined in both a travel and retail context. From working with formal duty free stores in Sydney Australia, Mr Zhou has gained extensive Australian retail sales and management experience which has helped him understand how to profitably run a retail stores and sell Australian products to both local and visiting Chinese customers.
Interest in Shares and Options	181,848,526 ordinary shares (including shares held by related parties)
Special Responsibilities	Nil
Directorships in listed companies in the past 3 years	Nil

Mr Weihua Xin *(resigned on 31 May 2017)*

Qualifications	MBA, Peking University. Chairman of Shandong Wanbao Group.
Experience	He has received numerous distinguished awards at provincial and national levels for his achievements in entrepreneurship and leadership including being the excellent innovative entrepreneur, top 500 best international trade enterprises, one of the "Ten Outstanding Young People Award" winners in Rizhao City. Shandong Province. Mr. Xin has over 25 years of operational and management experience in international trade.
Interest in Shares and Options	Nil
Special Responsibilities	Nil
Directorships in listed companies in the past 3 years	Riva Resources Limited

There were no ordinary shares issued during the year as a result of the exercise of options and there were no unexercised options.

Company Secretary

The company secretary is Keong Chan. Details disclosed in director information.

Meetings of directors

During the financial year, no meetings of directors were held.

Indemnification and insurance of Directors and Officers

The Company has agreed to indemnify all the directors and executive officers against all liabilities to another person (other than the Company or related body corporate) that may arise from their position as officers of the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses.

The Company has also agreed to indemnify its Directors for all liabilities to another person (other than the Company or related body corporate) that may arise from their position, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses.

The Company has not taken any insurance cover for the year.

Principal Activities

The principal activities during the year were preliminary activities to establish an e-commerce trading business, and marketing efforts to aid in the growth of this business.

Directors' Report (continued)

Operating and financial review

Operating results for the year

Net loss attributable to equity holders for the year ended 30 June 2017 was $862,156.

Financial position and significant changes in state of affairs

The Company raised $2,490,000 via a private placement and convertible notes.

Cash and cash equivalents at 30 June 2017 totalled $1,129,430.

Business strategies, and prospects for future financial years

The Company plans to establish an e-commerce trading business between residents in Australia and China.

Environmental regulation

The consolidated entity is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Significant Changes in the State of Affairs

On 10 February 2017 and as later varied on 20 March 2017 and 26 June 2017, the company entered into a binding terms sheet with Aumake Australia Pty Limited ('Aumake') pursuant to acquire 100% of the issued capital in Aumake, which resulted in the effective merger of ITM and Aumake. The merger was completed on 30 June 2017.

Dividends

No dividends have been paid or declared since incorporation and the Directors do not recommend the payment of a dividend in respect of the year.

Indemnification of auditors

To the extent permitted by law, the Company has agreed to indemnify its auditors, RSM Australia Partners ("RSM"), as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify RSM during or since the financial year.

Auditor Independence

The auditor's independence declaration for the year ended 30 June 2017 has been received and is included within this financial report.

Directors' Report (continued)

Non-Audit Services

No non-audit services were provided by the entity's auditor, RSM Australia Partners.

Events subsequent to Reporting Date

There has been no events in the interval between the end of the year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

Likely Developments

Augend Limited ("Augend") has announced that it has entered into a binding term sheet to acquire 100% of the issued capital of the company. Augend will undertake a capital raising of at least $4,000,000 and up to $6,000,000 to provide funding for future operations of the company.

Proceedings on Behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

Signed in accordance with a resolution of the Directors:

Mr Gang Xu
Director
Perth, 27 July 2017

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2017

	Note	Consolidated 2017	Company For the period 30 April 2015 to 30 June 2016
		$	$
Sales Revenue	3	1,194,452	135,761
Cost of Goods sold		(1,198,184)	(136,203)
Gross Loss		(3,732)	(442)
Wages & Salaries		(331,341)	(119,809)
Marketing expenses		(110,077)	(164,449)
Website & Application Development Costs		-	(33,876)
Travel & Accommodation		(60,225)	(65,643)
Administrative expenses		(389,195)	(92,211)
Operating Loss		(894,570)	(476,430)
Other income	3	32,414	3,524
Loss before income tax		**(862,156)**	**(472,906)**
Income tax		-	-
Loss after income tax		**(862,156)**	**(472,906)**
Other Comprehensive Income			
Other Comprehensive Income for the year, net of tax		**-**	**-**
Total Comprehensive Loss for the year attributable to owners		**(862,156)**	**(472,906)**

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017

	Note	Consolidated 2017 $	Company 2016 $
CURRENT ASSETS			
Cash and cash equivalents	4	1,129,430	344,555
Trade and other receivables	5	196,301	18,563
Inventory	6	2,023,750	61,905
Other assets	7	295,467	16,850
Total Current Assets		**3,644,948**	**441,873**
NON-CURRENT ASSETS			
Plant and equipment	8	118,612	-
Intangible assets	9	1,901,012	-
Total Non-current Assets		2,019,624	-
TOTAL ASSETS		**5,664,572**	**441,873**
CURRENT LIABILITIES			
Trade and other payables	10	413,272	18,436
Interest bearing liabilities	11	2,542,977	-
Provisions	12	34,532	-
Director's loan	13	1,100,000	-
Total Current Liabilities		**4,090,781**	**18,436**
NON-CURRENT LIABILITIES			
Interest bearing liabilities	11	67,076	-
Total Non-Current Liabilities		**67,076**	**-**
TOTAL LIABILITIES		**4,157,857**	**18,436**
NET ASSETS		**1,506,715**	**423,437**
EQUITY			
Issued capital	14	2,841,777	896,343
Accumulated losses	15	(1,335,062)	(472,906)
TOTAL EQUITY		**1,506,715**	**423,437**

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2017

	Issued Capital	Accumulated Losses	Total
	$	**$**	**$**
Company			
Balance at inception on 30 April 2015	-	-	-
Loss for the period	-	(472,906)	(472,906)
Total loss for the period	-	(472,906)	(472,906)
Transactions with owners in their capacity as owners:			
Fair value of liability extinguished via equity	78,955	-	78,955
Shares issues	817,388	-	817,388
Balance at 30 June 2016	896,343	(472,906)	423,437

	Issued Capital	Accumulated Losses	Total
Consolidated	**$**	**$**	**$**
Balance at 1 July 2016	896,343	(472,906)	423,437
Loss for the year	-	(862,156)	(862,156)
Total loss for the year	-	(862,156)	(862,156)
Transactions with owners in their capacity as owners:			
Shares issues	1,945,434	-	1,945,434
Balance at 30 June 2017	2,841,777	(1,335,062)	1,506,715

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2017

	Note	Consolidated 2017 $	Company For the period 30 April 2015 to 30 June 2016 $
Cash Flows related to Operating activities			
Receipts from product sales and related debtors		1,149,095	118,044
Payments to suppliers and employees		(2,029,606)	(590,356)
Other income		30,565	-
Interest received		1,849	3,524
Net Operating Cash Flows	**4(ii)**	**(848,097)**	**(468,788)**
Cash Flows related to Investing activities			
Cash obtained from acquisition of a subsidiary		250,244	-
Loan to a related party		(91,980)	-
Investment in subsidiary		(1,035,292)	-
Net Investing Cash Flows		**(877,028)**	**(468,788)**
Cash Flows related to Financing activities			
Proceeds from issue of shares		20,000	817,388
Proceeds from borrowings		2,490,000	-
Net Financing Cash Flows		**2,510,000**	**817,388**
Net Increase in cash held		784,875	348,600
Cash and cash equivalents at the beginning of the financial year		344,555	-
Exchange rate adjustments		-	(4,045)
Cash and cash equivalents at the end of the financial year		**1,129,430**	**344,555**

The accompanying notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

ITM Corporation Ltd (the “Company”) is an Australian public unlisted company, which was incorporated on 30 April 2015. This financial report includes the financial statements and notes of ITM Corporation Ltd and its controlled entity (“Consolidated Entity” or the “Group”).

The Group is working to establish a growing e-commerce trading business between residents in Australia and China and is a for-profit entity.

New, revised or amending Accounting Standards and Interpretations adopted
The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board 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.

Basis of Preparation
The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standards.

Compliance with Australian Accounting Standards ensures that the financial statements and notes comply with International Financial Reporting Standards (adopted by the International Accounting Standards Board.

The financial statements were authorised for issue by the directors on 27 July 2017.

Going concern
The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

As disclosed in the financial statements, the consolidated entity incurred a loss of $862,156 and had net cash outflows from operating activities of $848,097 for the year ended 30 June 2017. As at that date, the consolidated entity had net current liabilities of $445,833.

The Directors believe that it is reasonably foreseeable that the consolidated entity will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report after consideration of the following factors:

- Augend Limited (“Augend”) has announced that it has entered into a binding term sheet with the company to acquire 100% of the issued capital of the company. Augend will undertake a capital raising of at least $4,000,000 and up to $6,000,000 to provide funding for future operations of the company;
- The consolidated entity will have sufficient funds to meet future payments as the $2,490,000 of convertible notes recognised as a current liability at the reporting will be converted into equity upon the acquisition of the consolidated entity by Augend; and
- The consolidated entity has the ability to scale down its operations in order to curtail expenditure, in the event that insufficient cash is available to meet projected expenditure.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Historical cost convention
The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Functional and presentation currency
The financial report is presented in Australian dollars, which is the Group’s functional currency.

Critical accounting estimates
The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of ITM Corporation Ltd ('company' or 'parent entity') as at 30 June 2017. ITM Corporation Ltd and its subsidiary together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) 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.

Sale of goods
Sale of goods revenue is recognised upon dispatch of goods, which is where the risks and rewards are transferred to the customer and there is a valid sales contract. Amounts disclosed as revenue are net of sales returns and trade discounts

Interest income
Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

(b) Cash and cash equivalents

Cash comprises cash at bank and in hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

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

(c) Trade and other receivables

Trade receivables are measured on initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method, less provision for impairment. Trade receivables are generally due for settlement within periods ranging from 30 to 90 days.

(d) Foreign currency translation

Both the functional and presentation currency of the Group are Australian dollars. Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date.

(e) Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Income tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(h) Plant and equipment

(i) Recognition and measurement

Items of plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred.

(ii) Subsequent costs

Subsequent costs are only included in an asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with these subsequent costs will flow to the Group and the cost of the item can be measured reliably. Ongoing repairs and maintenance are recognised as an expense in profit and loss during the financial year in which they are incurred.

(iii) Depreciation

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

Office Equipment – over 5 to 15 years

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

(iv) Impairment

The carrying values of plant and equipment are reviewed for impairment at each reporting date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) De-recognition and disposal

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

(i) Trade and other payables

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

(j) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

(k) Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

(l) Employee leave benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date, they are measured at the amounts expected to be paid when the liabilities are settled.

(m) 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.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Finance costs

Finance costs comprise interest expense on borrowings, excluding interest expenses incurred for the construction of qualifying assets which are assets that necessarily take a substantial period of time be get ready for their intended use or sale, unwinding of the discount on provisions, impairment losses recognised on financial assets, foreign exchange gains/losses and changes in fair value of financial instruments.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowing pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

(o) Financial assets

Financial assets are classified as receivables and carried at amortised cost.

(p) Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

(q) Comparative Figures

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

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

New Accounting Standards and Interpretations not yet mandatory or early adopted
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2017. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

AASB 16 Leases
This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The consolidated entity will adopt this standard from 1 July 2019 but the impact of its adoption is yet to be assessed by the consolidated entity.

Critical 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, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Provision for impairment of receivables
The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the recent sales experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtor's financial position.

Provision for impairment of inventories
The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations

Business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the consolidated entity taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported.

	Consolidated 2017 $	Company 2016 $

2. INCOME TAX

(a) Income tax recognised in profit/loss

No income tax is payable by the Company entities as it recorded a loss for income tax purposes for the period.

(b) Numerical reconciliation between income tax expense and the loss before income tax.

The prima facie income tax benefit on pre-tax accounting loss from operations reconciles to the income tax expense in the financial statements as follows:

Accounting loss before tax	(862,156)	(472,906)
Income tax benefit at 28.5%	(245,714)	(134,778)
Tax effect of non-allowable items and temporary differences	-	2,323
Unrecognised tax losses	245,714	132,455
Income tax benefit attributable to loss from ordinary activities	-	-

(c) Unrecognised deferred tax balances		
Previous year deferred tax asset	132,455	-
Tax losses @ 28.5%	245,714	132,455
Net unrecognised deferred tax asset at 28.5**%**	378,169	132,455

A deferred tax asset attributable to income tax losses has not been recognised at balance date as the probability criteria disclosed in Note 1 is not satisfied and such benefit will only be available if the conditions of deductibility also disclosed in Note 1 are satisfied.

	Consolidated 2017 $	Company 2016 $

3. REVENUE AND OTHER INCOME

(a) Sales revenue

Sale of goods	1,194,452	135,761

(b) Other income

Interest	1,849	3,524
Other income	30,565	-
	32,414	3,524

4. CASH AND CASH EQUIVALENTS

	Consolidated 2017 $	Company 2016 $
Cash at bank	410,361	90,862
Term deposits	701,881	251,015
Cash on hand	17,188	2,678
	1,129,430	344,555

Cash at bank earns interest at floating rates based on daily bank deposit rates.

(i) Reconciliation to Cash Flow Statement

	2017 $	2016 $
For the purposes of the statement of cash flows, cash and cash equivalents comprise cash on hand and at bank.		
Cash and cash equivalents as shown in the statement cash flows are reconciled to the related items in the statement of financial position as follows:		
Cash and cash equivalents	1,129,430	344,555

(ii) Reconciliation of loss after income tax to net cash flows from operating activities:

Loss for the period	(862,156)	(472,906)
Adjustments for:		
Fair value of liability extinguished by equity	-	78,955
Foreign exchange gain/loss	-	4,045
Changes in operating assets and liabilities		
Trade and other receivables	(172,399)	(35,413)
Trade and other payables	125,413	18,436
Inventory	61,045	(61,905)
Net cash outflow from operating activities:	(848,097)	(468,788)

5. TRADE AND OTHER RECEIVABLES

	Consolidated 2017 $	Company 2016 $
Trade receivables	196,301	18,563

6. INVENTORY

Inventory	2,023,750	61,905

7. OTHER ASSETS

	Consolidated 2017 $	Company 2016 $
GST receivable	31,886	16,850
Bonds	131,237	-
Prepayments	40,364	-
Loan to a related party	91,980	-
	295,467	16,850

8. PLANT AND EQUIPMENT

Motor vehicles – at cost	134,300	-
Less: Accumulated depreciation	(15,688)	-
	118,612	-

9. INTANGIBLE ASSETS

Intangible asset – at cost	1,901,012	-

Reconciliations

Reconciliations of the carrying amounts of Intangibles at the beginning and end of the current financial year

Carrying amount at beginning of year	-	-
Recognised in a business combination *	1,901,012	-
Impairment	-	-
Carrying amount at end of the year	1,901,012	-

***the intangible asset was recognised in the merger of ITM and Aumake, refer to Note 16 for details.

10. TRADE AND OTHER PAYABLES

Trade creditors	204,785	3,698
Accrued expenses	73,547	10,000
PAYG payable	25,914	-
Superannuation payable	56,008	-
Other creditors	53,018	4,738
	413,272	18,436

Trade payables are non-interest bearing and are normally settled on 30 to 60 day terms.

The carrying amounts of trade and other payables are assumed to be the same as their fair values, due to their short-term nature.

11. INTEREST BEARING LIABILITIES

	Consolidated 2017 $	Company 2016 $
Current		
Loan - motor vehicles	27,772	-
Convertible notes*	2,515,205	-
	2,542,977	-
Non-Current		
Loan - motor vehicles	67,076	
	67,076	-

* The convertible notes will be converted into shares upon ASX listing, an interest rate of 3% per annum is charged.

12. PROVISION

Provision for annual leave	34,532	-
	34,532	-

13. DIRECTOR'S LOAN

Director's loan	1,100,000	-
	1,100,000	-

The director's loan is interest free, unsecured and settlement is expected to occur within the next 12 months.

14. ISSUED CAPITAL

	Number of shares	$
2016 movements in ordinary share capital:		
Balance at inception on 30 April 2015	-	-
Issue of shares	211,714,867	896,343
Balance at 30 June 2016	211,714,867	896,343
2017 movements in ordinary share capital:		
Balance at 1 July 2016	211,714,867	896,343
Issue of shares	216,159,311	1,945,434
Balance at 30 June 2017	427,874,178	2,841,777

The Company does not have authorised capital or par value in respect to its issued shares.

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

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

15. ACCUMULATED LOSSES

	Consolidated 2017 $	Company 2016 $
Accumulated losses at the beginning of the period	(472,906)	-
(Losses) for the period	(862,156)	(472,906)
Accumulated losses at the end of the period	(1,335,062)	(472,906)

16. RELATED PARTY DISCLOSURE

(a) Loans to and from Key Management Personnel

A convertible note of $200,000 was provided to the company by Duret Holdings Pty Ltd, an entity related to the director, Keong Chan.

During the year, the subsidiary, Aumake Australia Pty Limited acquired inventory from the Director, Jia Hua Zhou, at a value of $1,100,000. At 30 June 2017, a liability of $1,100,000 remained payable to the Director.

16. RELATED PARTY DISCLOSURE (Continued)

(b) Other transactions and balances with Key Management Personnel

No other transactions with key management personnel have occurred during the year.

(c) Key Management Personnel Compensation

The Company has entered into consultancy agreements with Mr Gang Xu and Mr Keong Chan to act as the Company's directors. Under the agreements, they were each paid $60,000 per annum (plus GST) effective from 1 Dec 2015 onwards. A director service agreement was entered by the company with Jiahua Zhou from 1 July 2017, he will be paid $60,000 per annum (plus GST).

17. BUSINESS COMBINATION

On 30 June 2017, the company completed the acquisition of 100% of the issued capital in Aumake Australia Pty Limited ("Aumake"), which resulted in the effective merger of ITM and AuMake for the total consideration transferred of $2,960,725. At the time these financial statements were authorised for issue, the company had not yet completed the accounting for the acquisition of the business of Aumake Australia Pty Limited. In particular, the fair value of assets and liabilities disclosed below had only been determined provisionally as the independent valuations were not finalised.

Details of the acquisition are as follows:

	Fair value
	$
Cash and cash equivalents	250,244
Inventories	1,900,800
Trade and other receivables	283,956
Plant and equipment	118,612
Trade and other payables	(264,518)
Income tax payable	(7,974)
Borrowings	(1,194,848)
Provisions	(26,558)
Net assets acquired	1,059,714
Acquisition-date fair value of the total consideration transferred	2,960,725
Intangible asset recognised	1,901,011
Purchase consideration:	
Investment cost	1,035,291
Shares issued	1,925,434 [1]
Total purchase consideration	2,960,725

[1] Value of shares issued as part of the purchase consideration is based on fair value of the shares on the acquisition date of 30 June 2017, being 0.9 cents per share. The shares were issued at a deemed consideration of $1,925,434.

18. PARENT ENTITY INFORMATION

Statement of Financial Position

	2017	2016
	$	$
Assets		
Current assets	1,209,948	441,873
Non-current assets	2,960,726	-
Total assets	4,170,674	441,873
Liabilities		
Current liabilities	2,663,959	18,436
Total liabilities	2,663,959	18,436
NET ASSETS	1,506,715	423,437
Equity		
Issued capital	2,841,777	896,343
Accumulated losses	(1,335,062)	(472,906)
Total equity	1,506,715	423,437

	2017	For the period 30 April 2015 to 30 June 2016
	$	$
Statement of Comprehensive Income		
Loss for the year/period	(862,156)	(472,906)
Total comprehensive loss	(862,156)	(472,906)

19. INTERESTS IN SUBSIDIARIES

Name of Entity	Country of Incorporation	Class of Shares	Equity Holding 2017	Equity Holding 2016
Aumake Australia Pty Limited	Australia	Ordinary	100%	-
Nanjing Sonata Trading Co. Ltd.	China	Ordinary	100%	-

20. EVENTS AFTER THE REPORTING DATE

There has been no events in the interval between the end of the year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect significantly the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

21. FINANCIAL RISK MANAGEMENT

The main risks the Group is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk.

The Group's financial instruments consist of deposits with banks and trade and other payables. The totals for each category of financial instruments, are as follows:

	Consolidated 2017 $	Company 2016 $
Financial Assets		
Cash and cash equivalents	1,129,430	344,555
Trade and other receivables	196,301	18,563
	1,325,731	363,118
Financial Liabilities		
Trade and other payables	413,272	18,436
Provision	34,532	-
	447,804	18,436

Financial risk management policies

The Board of Directors has overall responsibility for the establishment of the Group's risk management framework. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. Mitigation strategies for specific risks faced are described below:

Specific financial risk exposures and management

The main risk the Group is exposed to through its financial instruments are interest rate risk, credit risk and liquidity risk.

(a) Interest rate risk

The Group is not exposed to any material interest rate risk.

(b) Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures on outstanding receivables and committed transactions. In relation to other credit risk areas management assesses the credit quality of the customer, taking into account its financial position, past experience and other factors.

The Group has no significant concentrations of credit risk. Cash transactions are limited to high credit quality financial institutions. The credit rating for the Group's Australian financial institution is AA-.

At the reporting date, there are no impaired trade receivables.

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets as summarised at the beginning of this note.

21. FINANCIAL RISK MANAGEMENT (continued)
(c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Group will aim at maintaining flexibility in funding by accessing appropriate committed credit lines available from different counterparties where appropriate and possible. Surplus funds when available are generally only invested in high credit quality financial institutions in highly liquid markets.

The following are the contractual maturities of financial liabilities excluding the impact of netting arrangements:

Company	**Carrying amount $**	**Contractual cash flows $**	**12 months or less $**	**1 to 5 years $**
30 June 2016				
Non-derivative financial liabilities				
Trade and other payables	18,436	18,436	18,436	-
	18,436	18,436	18,436	-
Consolidated				
30 June 2017				
Non-derivative financial liabilities				
Trade and other payables	413,272	413,272	413,272	-
Provision	34,532	34,532	34,532	
	447,804	447,804	447,804	-

(d) Capital Risk Management

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders. The capital structure of the Group consists of equity attributable to equity holders, comprising issued capital and retained earnings.

The Board reviews the capital structure on a regular basis and considers the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through new share issues as well as the issue of debt, if the need arises.

22. AUDITORS' REMUNERATION

	C 2017 $	2016 $
Audit and review of the financial reports		
• RSM Australia Partners	68,100	10,000
	68,100	10,000

23. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Company and Directors have agreed that once the Company is funded that the efforts to establish the Company and the business would be compensated by an equity ownership scheme.

Other than the matter noted above, the Company had no material contingent liabilities or contingent assets at 30 June 2017 or at the date of this report.

24. COMMITMENTS

	Consolidated 2017 $	Company 2016 $
Within one year	439,528	-
After one year but not more than five years	757,506	-
	1,197,034	-

DIRECTORS' DECLARATION

In the opinion of the Directors of ITM Corporation Limited (the "Company"):

a) the financial statements and notes of the Company are in accordance with the Corporations Act 2001 including:

   (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2017 and of its performance for the financial year ended on that date; and

   (ii) complying with Australian Accounting Standards and Corporations Regulations 2001;

   (iii) complying with International Financial Reporting Standards as issued by the International Accounting Standards Board; and

b) 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 signed in accordance with a resolution of the Board of Directors.

Mr Gang Xu
Director

27 July 2017

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of ITM Corporation Limited for the year ended 30 June 2017, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

RSM

RSM AUSTRALIA PARTNERS

Perth, WA
Dated: 27 July 2017

TUTU PHONG
Partner

RSM Australia Partners

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**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
ITM CORPORATION LIMITED**

Opinion

We have audited the financial report of ITM Corporation Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

(i) giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2017, but does not include the financial report and the auditor's report thereon.

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

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

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

Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

RSM

RSM AUSTRALIA PARTNERS

TUTU PHONG
Partner

Perth, WA
Dated: 31 July 2017