

Fortune Asia Group Limited

ABN 19 161 234 395

Half Year Financial Report - 30 June 2018

Fortune Asia Group Limited
Directors' report
For the half-year ended 30 June 2018

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Fortune Asia Group Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 30 June 2018.

Directors

The following persons were directors of Fortune Asia Group Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Yuhan Chen
Min Yu
Tao Xue
Zijian Liu
Kwong Yeung To (resigned as of 18 January 2018)
Feng Chen (Appointed as of 26 March 2018, resigned as of 9 May 2018)

Principal activities

The principal activity of the consolidated entity during the financial year was exploration of tenements situated in Xinjiang Uygur Autonomous Region of the People's Republic of China.

No significant change in the nature of these activities occurred during the year.

Review of operations

The loss of the consolidated entity for the half year financial period is \$138,235 (2017: \$144,128).

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the consolidated entity during the financial half-year.

Rounding of amounts

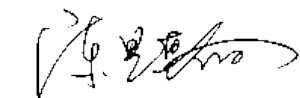
Amounts in this report have been rounded off to the nearest dollars.

Auditor's independence declaration

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

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



Yuhan Chen
Director

13 September 2018

**DECLARATION OF INDEPENDENCE
BY ANDREW TICKLE
TO THE DIRECTORS OF FORTUNE ASIA GROUP LIMITED**

As lead auditor for the review of Fortune Asia Group Limited for the half-year ended 30 June 2018, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Fortune Asia Group Limited and the entities it controlled during the period.



Andrew Tickle
Director

BDO Audit (SA) Pty Ltd

Adelaide, 13 September 2018

Fortune Asia Group Limited
Half Year Financial Report
For the half-year ended 30 June 2018

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General information

The financial statements cover Fortune Asia Group Limited as a consolidated entity consisting of Fortune Asia Group Limited and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is Fortune Asia Group Limited's functional and presentation currency.

Fortune Asia Group Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office

Suite 525
377 Kent Street
Sydney NSW 2000

Principal place of business

Suite 525
377 Kent Street
Sydney NSW 2000

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 13 September 2018.

Fortune Asia Group Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 30 June 2018

		Consolidated	
		Half year ended	
	Note	30 Jun 2018	30 Jun 2017
		\$	\$
Revenue		-	-
Other income		61,535	2,709
Expenses			
Administrative expenses	3	(199,770)	(146,837)
(Loss) before income tax expense		(138,235)	(144,128)
Income tax expense		-	-
(Loss) after income tax expense for the half-year		(138,235)	(144,128)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		58,778	(52,267)
Other comprehensive income (loss) for the half-year, net of tax		58,778	(52,267)
Total comprehensive income (loss) for the half-year		<u>(79,457)</u>	<u>(196,395)</u>
(Loss) for the half-year is attributable to:			
Owners of Fortune Asia Group Limited		(138,235)	(144,128)
Total comprehensive income for the half-year is attributable to:			
Owners of Fortune Asia Group Limited		<u>(79,457)</u>	<u>(196,395)</u>
		Cents	Cents
Basic earnings per share		(0.15)	(0.16)
Diluted earnings per share		(0.15)	(0.16)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Fortune Asia Group Limited
Statement of financial position
As at 30 June 2018

		Consolidated	
	Note	30 Jun 2018	31 Dec 2017
		\$	\$
Current assets			
Cash and cash equivalents		418,428	639,506
Trade and other receivables		90,912	14,475
Total current assets		<u>509,340</u>	<u>653,981</u>
Non-current assets			
Property, plant and equipment		58,140	61,088
Exploration and evaluation assets		1,766,170	1,701,233
Total non-current assets		<u>1,824,310</u>	<u>1,762,321</u>
Total assets		<u>2,333,640</u>	<u>2,416,302</u>
Current liabilities			
Trade and other payables		10,000	21,730
Other payable to related parties	7	493,266	484,731
Total current liabilities		<u>503,266</u>	<u>506,461</u>
Total non-current liabilities		<u>-</u>	<u>-</u>
Total liabilities		<u>503,266</u>	<u>506,461</u>
Net assets		<u>1,830,384</u>	<u>1,909,841</u>
Equity			
Contributed equity		4,128,145	4,128,145
Foreign exchange reserves		81,014	22,236
Retained profits		<u>(2,378,775)</u>	<u>(2,240,540)</u>
Total equity		<u>1,830,384</u>	<u>1,909,841</u>

The above statement of financial position should be read in conjunction with the accompanying notes

Fortune Asia Group Limited
Statement of changes in equity
For the half-year ended 30 June 2018

	Issued capital \$	Foreign Exchange Reserves \$	Retained profits \$	Total equity \$
Consolidated				
Balance at 1 January 2017	4,128,145	39,146	(1,900,160)	2,267,131
Loss after income tax expense for the half-year	-	-	(144,128)	(144,128)
Other comprehensive income for the half-year, net of tax	-	(52,266)	-	(52,266)
Total comprehensive income for the half-year	-	(52,266)	(144,128)	(196,394)
<i>Transactions with owners in their capacity as owners:</i>				
Balance at 30 June 2017	<u>4,128,145</u>	<u>(13,120)</u>	<u>(2,044,288)</u>	<u>2,070,737</u>
	Issued capital \$	Foreign Exchange Reserves	Retained profits \$	Total equity \$
Consolidated				
Balance at 1 January 2018	4,128,145	22,236	(2,240,540)	1,909,841
Loss after income tax expense for the half-year	-	-	(138,235)	(138,235)
Other comprehensive income for the half-year, net of tax	-	58,778	-	58,778
Total comprehensive income for the half-year	-	58,778	(138,235)	(76,457)
<i>Transactions with owners in their capacity as owners:</i>				
Balance at 30 June 2018	<u>4,128,145</u>	<u>81,014</u>	<u>(2,378,775)</u>	<u>1,833,384</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes

Fortune Asia Group Limited
Statement of cash flows
For the half-year ended 30 June 2018

	Consolidated	
Note	30 Jun 2018	30 Jun 2017
	\$	\$
Cash flows from operating activities		
Payments to suppliers and employees (inclusive of GST)	(222,319)	(150,680)
Net cash received from (used in) operating activities	(222,329)	(150,680)
Cash flows from investing activities		
Interest received	1,235	2,709
Cash payments to acquire exploration and evaluation assets	-	(42,968)
Net cash received from (used in) investing activities	1,235	(40,259)
Cash flows from financing activities		
Repayment of directors loans	-	-
Net cash received from (used in) financing activities	-	-
Net increase/(decrease) in cash and cash equivalents	(221,084)	(190,939)
Cash and cash equivalents at the beginning of the financial half-year	639,506	1,012,623
Effects of exchange rate changes on cash and cash equivalents	(7)	(4)
Cash and cash equivalents at the end of the financial half-year	418,428	821,679

The above statement of cash flows should be read in conjunction with the accompanying notes

Fortune Asia Group Limited
Notes to the financial statements
For the half-year ended 30 June 2018

Note 1. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 30 June 2017 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 31 December 2016 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

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.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

The following Standards became effective for annual reporting periods beginning on or after 1 January 2017 and therefore effective for the current interim period:

- *AASB 2016-1: Amendments to Australian Accounting Standards - Recognition of Deferred Tax Assets for Unrealised Losses;*
- *AASB 2016-2: Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 107;*
- *AASB 2016-4: Amendments to Australian Accounting Standards - Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities; and*
- *AASB 2017-2: Amendments to Australian Accounting Standards - Further Annual Improvements 2014-2016 Cycle.*

In the circumstances of Fortune Asia Group Limited, it has been deemed that the above Standards have no impact on the financial statements of the entity, either inherently or by virtue of the nature of the operations of the entity. However, users should be alert to the potential impact of such Standards on recognition and measurement.

Note 2. Operating segments

The consolidated entity is organised into one single operating segment, being mining and exploration in Xinjiang Autonomous Region of the People's Republic of China. All non-current assets are held under Fujian Sanming Longhui Industry & Trade Co., Ltd, the Chinese operating entity located in the People's Republic of China. This operating segment is based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources.

Fortune Asia Group Limited
Notes to the financial statements
For the half-year ended 30 June 2018

Note 3. Expenses

	Consolidated	
	30 Jun 2018	30 Jun 2017
	\$	\$
<i>Administration expenses</i>		
Bank charges	277	364
Depreciation	5,316	5,036
Travel	4,197	4,684
Audit fees	10,000	12,627
Other Professional fees	31,041	11,556
Regulator fees	608	1,592
Employees benefits expenses	109,167	105,000
Legal fees	32,000	-
Others	7,164	5,978
 Total administration expenses	 <u>199,770</u>	 <u>146,837</u>

Note 4. Equity - dividends

There were no dividends paid, recommended or declared during the current or previous financial period.

Note 5. Commitments or contingencies

The consolidated entity had no contingent liabilities as at 30 June 2018 and 31 December 2017.

Note 6. Events after the reporting period

No matters or circumstances have arisen since the end of the half-year financial reporting period which significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial reporting periods.

Note 7. Related Party Transaction

	Consolidated	
	30 Jun 2018	30 Jun 2017
	\$	\$
<i>Loans from Mr Yuhan Chen (executive director)</i>		
Beginning of the year	484,731	487,141
Loans advanced	-	-
Loan repayments made	-	-
Unwinding of interest charges	-	-
Foreign exchange difference	8,495	(7,538)
End of period	<u>493,226</u>	<u>479,603</u>

Note 8. Going Concern

The half-year financial report has been prepared on a going concern basis, which contemplates the continuity of normal business activity and realisation of assets and settlement of liabilities in the normal course of business. This includes the realisation of capitalised exploration and evaluation expenditure of \$1,766,170 (31 December 2017: \$1,701,233).

The consolidated entity has incurred a net loss after tax for the half year ended 30 June 2018 of \$138,235 (30 June 2017: \$148,128) and operations were funded by a net cash outflow of \$222,319 (30 June 2017: \$150,680).

The consolidated entity's ability to continue as a going concern is contingent on raising additional capital and/or the successful exploration and subsequent exploitation of its areas of interest through sale or development. Should the consolidated entity not achieve the matters set out above, there would then be significant uncertainty over the ability of the consolidated entity to continue as a going concern, and, therefore, it may have to realise its assets and extinguish its liabilities, other than in the ordinary course of business and at amounts different from those stated in the half-year financial report.

The half year financial report does not include any adjustments that may be necessary if the consolidated entity is unable to continue as a going concern.

Fortune Asia Group Limited
Notes to the financial statements
For the half-year ended 30 June 2018

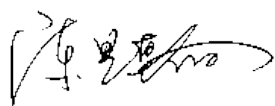
Fortune Asia Group Limited
Directors' declaration
For the half-year ended 30 June 2018

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2018 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

On behalf of the directors



Yuhan Chen
Director

13 September 2018

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF FORTUNE ASIA GROUP LIMITED

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Fortune Asia Group Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2018, 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 half-year then ended, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

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 30 June 2018 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Emphasis of matter - Material uncertainty relating to going concern

We draw attention to Note 8 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.

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 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 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 Group's financial position as at 30 June 2018 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.



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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Group, would be in the same terms if given to the directors as at the time of this auditor's review report.

A handwritten signature in blue ink, appearing to read 'Andrew Tickle', is written above the printed name.

BDO Audit (SA) Pty Ltd

A handwritten signature in blue ink, appearing to read 'Andrew Tickle', is written above the printed name.

Andrew Tickle
Director

Adelaide, 13 September 2018