

Results for Announcement to the Market

Bojun Agriculture Holdings Limited

ACN 618 962 253

APPENDIX 4E

PRELIMINARY FINAL REPORT

for the year ended 30 September 2018

ASX ANNOUNCEMENT

30 September 2018

About this Appendix 4E Report

The Directors of Bojun Agriculture Holdings Limited (“BAH” or the “Company”) and its controlled entities (the “Group”) hereby present the Company’s first Appendix 4E – Preliminary Final Report.

About Bojun Agriculture Holdings Limited

Bojun Agriculture Holdings Limited (ASX: BAH) is a company engaged in the business of manufacturing processed foods and beverages, which are derived from agricultural fruit produce. Its key products include fruit cider vinegar beverages, fruit confections and enzyme drink. These products are produced with natural fruit and contain no preservatives, artificial colours and artificial flavours.

BOJUN AGRICULTURE HOLDINGS LIMITED

ACN: 618 962 253

C/- Baker McKenzie, Level 46, Tower One – International Towers Sydney, 100
Barangaroo Avenue, Barangaroo NSW 2000

1. Company details

Name of entity:	Bojun Agriculture Holdings Limited
ABN	31 618 962 253
Current Reporting period	For the year ended 30 September 2018
Previous Corresponding period	For the year ended 30 September 2017

2. Results for announcement to the market

Comparison to previous corresponding period	Increase/Decrease	Change %	\$
Revenue from continuing operations	Increase	30.24%	97,598,659
Net profit from ordinary activities after income tax attributable to owners	Decrease	14.38%	8,953,248
Net profit for the year attributable to members	Decrease	14.38%	8,953,248

Dividends

There were no dividends paid, recommended or declared during the current financial period. The directors do not propose to pay a final dividend for the year ended 30 September 2018.

Review of operation

For the financial year ended 30 September 2018, the total sales revenue was \$97.60 million compared to \$74.93 million of sales revenue in the financial year ended 30 September 2017. In the financial year ended 30 September 2018, the Company added a new agent in Anhui Province, in the current year the sales made to this new agent weighted 4% of total revenue. Also a new product - fruit enzyme drink have been launched into market, this new products contributes 4.5% of total revenue. Gross profit margin for the year ended 30 September 2018 decreased by 2.50% to a gross profit margin of 22.72% when compared to the year ended 30 September 2017. Net profit after tax (NPAT) was \$8.95 million for the financial year ended 30 September 2018, representing a decrease of 14.38% compared to 30 September 2017 NPAT of \$10.46 million, this is due to research and development cost incurred before the new products launched into the market as well as the promotion costs while the new product enter into the market and due to one-off IPO costs and advisor costs expensed during the current financial year.

The Company's key products include:

- Fruit cider vinegar: a natural fruit-based drink, which is produced from Nanfeng Mandarins via a fermentation process that aims to retain the natural flavours and nutritional value of the fruit, of which the taste is unique as the raw material, including sour and sweet beverages through strictly controlled fermentation.
- Fruit confections: a fruit-based snack produced from a range of raw materials, including fruits such as strawberry, blueberry, kiwi fruit and Nanfeng Mandarins. These fruit confection products aim to retain the various health benefits of the fruits from which they are made by adopts the Company's technology (some of the technology are patented technology), through multiple production tests, using quality fruits as raw material, strictly controlled manufacturing procedure like distillation, drying are implemented.
- Enzyme drink: a kind of drink which contains variety of enzyme metabolites extracted from enormous digestive enzymes in the plants and microbes, and it is touted as the springhead of health and lives with the function of detoxification, circulation, clearance and activation.

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The Company derives profits from producing and packaging beverage and fruit products, which are sold in wholesale quantities to distribution agents, which then on-sell the products to end-consumers. The Company adopts a combination of a made-to-order and planned production model where the quantity of products it produces is based on planned amount of and actual orders placed by the agencies.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

(This statement is based on accounts, which are in the process of being audited)

Consolidated Profit and Loss	Year ended 30 September 2018	Year ended 30 September 2017
	\$	\$
Revenue		
Sales revenue	97,598,659	74,935,867
Total revenues	97,598,659	74,935,867
Cost of sales		
Cost of sales	(75,424,596)	(56,033,909)
Gross profit	22,174,063	18,901,958
Other income	321,517	321,213
Operating expenses		
Administration expenses	(3,246,707)	(979,643)
Selling and distribution expenses	(4,620,341)	(3,707,026)
Research and development expenses	(3,756,444)	(2,223,252)
Total operating expenses	(11,623,492)	(6,909,921)
Profit before income tax expense	10,872,088	12,313,250
Income tax expense	(1,918,840)	(1,856,522)
Net profit for the year	8,953,248	10,456,728
Other comprehensive income		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Foreign currency translation	2,406,722	(810,186)
Total other comprehensive income, net of tax	2,406,722	(810,186)
Total comprehensive income	11,359,970	9,646,542
Earnings per share for the period	Cents	Cents
Basic earnings per share	7.64	10.89
Diluted earnings per share	7.64	10.89

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3. Consolidated Statement of Financial Position

(This statement is based on accounts, which are in the process of being audited)

	30 September 2018	30 September 2017
	\$	\$
Assets		
Current Assets		
Cash and cash equivalents	20,393,849	11,247,923
Trade and other receivables	29,940,658	22,640,054
Inventories	15,749,170	12,153,912
Prepayments and other assets	3,863	1,210,302
Total Current Assets	66,087,540	47,252,191
Non-Current Assets		
Property, plant and equipment	3,433,500	2,459,293
Prepaid lease assets	1,805,849	1,757,939
Total Non-Current Assets	5,239,349	4,217,232
Total Assets	71,326,889	51,469,423
Liabilities		
Current Liabilities		
Trade and other payables	661,446	576,956
Borrowings	966,904	-
Current tax liabilities	967,018	831,989
Deferred revenue	66,407	63,191
Total Current Liabilities	2,661,775	1,472,136
Non-Current Liabilities		
Deferred tax liabilities	167,663	160,390
Total Non-Current Liabilities	167,663	160,390
Total Liabilities	2,829,438	1,632,526
Net Assets	68,497,451	49,836,897
Equity		
Share capital	8,272,864	972,280
Reserves	5,466,272	3,059,550
Retained earnings	54,758,315	45,805,067
Total Equity	68,497,451	49,836,897

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4. Consolidated Statement of Changes in Equity

(This statement is based on accounts, which are in the process of being audited)

	Share Capital	Reserves	Retained Earnings	Total Equity
	\$	\$	\$	\$
Balance as at 1 October 2017	972,280	3,059,550	45,805,067	49,836,897
Profit for the year	-	-	8,953,248	8,953,248
Other comprehensive income	-	2,406,722	-	2,406,722
Total comprehensive income for the year	-	2,406,272	8,953,248	11,359,970
<i>Transactions with owners in their capacity as owners:</i>				
New issued shares in IPO (less issued cost)	7,300,584	-	-	7,300,584
Balance as at 30 September 2018	8,272,864	5,466,272	54,758,315	68,497,451
Balance at 1 October 2016	972,280	3,869,736	35,348,339	40,190,355
Profit for the year	-	-	10,456,728	10,456,728
Other comprehensive loss	-	(810,186)	-	(810,186)
Total comprehensive income for the year	-	(810,186)	10,456,728	9,646,542
Balance at 30 September 2017	972,280	3,059,550	45,805,067	49,836,897

5. Consolidated Statement of Cash Flows for the year ended 30 September 2018

(This statement is based on accounts, which are in the process of being audited)

	Year ended 30 September 2018	Year ended 30 September 2017
	\$	\$
Cash flows from operating activities		
Receipts from customers (including VAT/GST)	107,729,296	71,734,976
Payments to suppliers and employees (including VAT/GST)	(104,308,541)	(65,890,204)
Interest received	10,288	3,710
Government grant received	128,000	134,659
Income tax paid	(1,826,464)	(1,882,899)
Net cash provided by operating activities	1,732,579	4,100,242
Cash flows from investing activities		
Payments for purchase of property, plant and equipment	(1,247,648)	(629,771)
Interest paid	(65,000)	-
Net cash (used in) investing activities	(1,312,648)	(629,771)
Cash flows from financing activities		
Proceeds from borrowings	1,850,000	-
Repayment of borrowings	(884,121)	-
Proceeds from issue of shares	7,653,604	-
Cost of issue shares	(353,020)	-
Net cash provided by financing activities	8,266,463	-
Net increase / (decrease) in cash	8,686,394	3,470,471
Cash at beginning of year	11,247,923	7,941,717
Effect of exchange rate changes on cash and cash equivalents	459,532	(164,265)
Cash at end of year	20,393,849	11,247,923

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6. Dividend Payment Information

N/A

7. Dividend/distribution reinvestment plan

N/A

8. Net tangible assets

	30 September 2018 (AUD cents)	30 September 2017 (AUD cents)
Net tangible assets per ordinary security	59	54

9. Details of entities over which control has been gained or lost during the period

N/A

10. Details of associate and joint venture entities

N/A

11. Other significant information

There are no other significant events or information not otherwise disclosed in these reports needed by an investor to make an informed assessment of the entity's financial performance and financial position.

12. Review of operations

As at 30 September 2018, the Company had a strong cash position totalling \$20.39 million. The Company sells its products in the form of wholesale quantities to regional agents. In the financial year ended 30 September 2018, the Company added a new agent in Anhui Province, in the current year the sales made to this new agent weighted 4% of total revenue. Also a new product - fruit enzyme drink have been launched into market, this new products contributes 4.5% of total revenue. The company is also developing a variety of fruit enzyme related products through research and development activities to increase the market share.

The Company has received a bank loan of RMB9,600,000 from Jiangxi Rural Credit Union & Rural Commercial Bank & Cooperative Bank on 23 October 2017. The term of the loan is 12 months from 23 October 2017 to 22 October 2018 attracting an annual interest rate of 9.18% and the guarantor of the loan is Nancheng County SME Credit Guarantee Center. As at 30 September 2018, amount of RMB8,200,000 has been repaid, balance of RMB1,200,000 has been recorded in the balance sheet. The remaining balance of RMB1,200,000 has been repaid on 22 October 2018, and a new bank loan of RMB 1,200,000 from Jiangxi Rural Credit Union & Rural Commercial Bank & Cooperative Bank has been granted on 23 October 2018. Apart from this, the company has received a loan of RMB3,000,000 from Postal Savings Bank of China on 10

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September 2018. The term of the loan is 12 months from 10 September 2018 to 9 September 2019 with an annual interest rate of 6.3075%. Another loan of RMB 600,000 has been received from ICBC on 28 September 2018. The term of the loan is 12 months from 28 September 2018 to 27 September 2019 with an annual interest rate of 5.22%.

13. Auditing Status

This report is based on accounts, which are in the process of being audited.

14. Audit disputes or qualifications

This report is based on accounts, which are in the process of being audited.

For and on behalf of Bojun Agriculture Holdings Limited,

Bo Zhu

Director
