



# AuMake International Limited

ACN 150 110 017

**Financial report for the  
half-year ended 31 December 2018**





# Half Year Financial Results Commentary

AuMake has developed a scalable business model that has delivered exceptional financial results during HY19, and the foundations for AuMake to rapidly grow its market share and achieve strong profitability in the future.

	1H FY19	2H FY18	1H FY18
<b>Income Statement as per Financials:</b>	<b>\$000'</b>	<b>\$000'</b>	<b>\$000'</b>
Revenue	21,859	12,354	9,029
Cost of sales	(17,654)	(10,335)	(7,904)
<b>Gross profit</b>	<b>4,205</b>	<b>2,019</b>	<b>1,124</b>
Gross margin	19.2%	16.3%	12.5%
Other income	183	160	27
Administrative expenses	(781)	(1,041)	(1,005)
Employee benefits expense	(3,787)	(2,980)	(817)
Rent and outgoing expenses	(1,111)	(774)	(389)
Marketing expenses	(951)	(785)	(181)
Travel and accommodation expenses	(172)	(134)	(63)
<b>Total operating costs</b>	<b>(6,802)</b>	<b>(5,714)</b>	<b>(2,455)</b>
operating costs to sales %	31%	46%	27%
Normalised EBITDA	(2,414)	(3,535)	(1,304)
One off expenses and non cash expense	(572)	(1,886)	(4,490)
Loss before income tax expenses	(2,986)	(5,422)	(5,794)
Income tax	-	-	(16)
Loss after income tax expense for the year	(2,986)	(5,422)	(5,810)
Exchange difference on translation of foreign operations	25	110	-
Statutory NPAT	(2,961)	(5,312)	(5,810)

Sales and Gross profit up by 142% and 274% compared to 1H FY18.

Gross margin up by 6.7%.

In 1H FY19, the operating costs representing 31% of sales, significantly decreased from 2H FY18 (46%) due to stabilization of the fixed operating costs, the increase were largely due to variable costs in running additional stores. The net loss was reduced by 32% since H2 FY18 as the gross profit growth outpaced the variable costs growth.

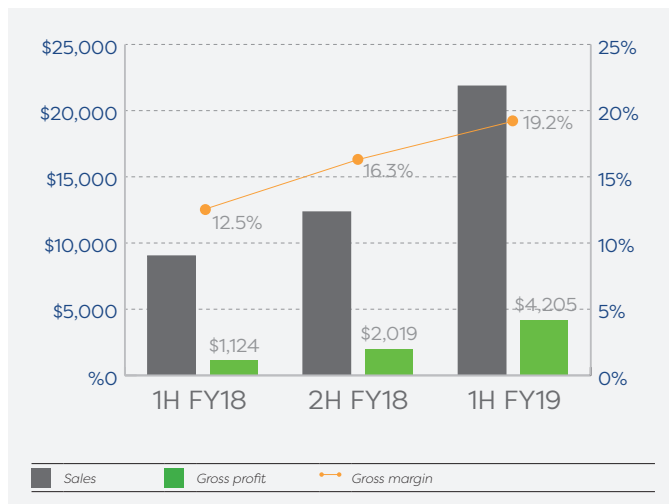
One off and non-cash expenses occurred as a result of relisting and management incentive plans.

# Half Year Financial Results Commentary

## Financial information

### Sales, gross profit and margin

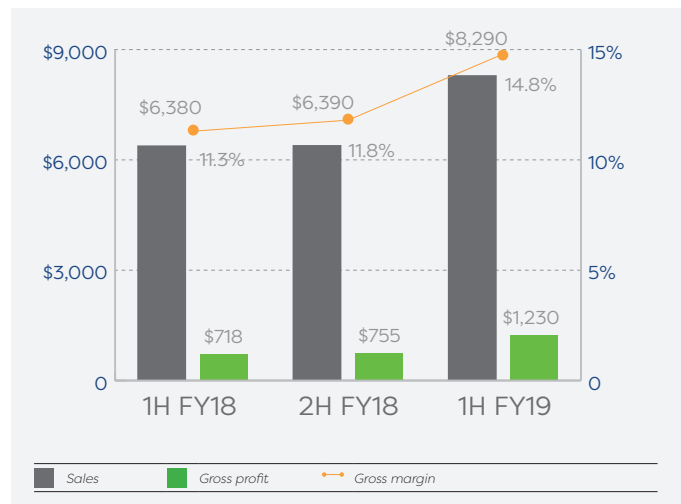
- Total sales up 142% to \$21.8m on the corresponding period HY18
- Gross profit increased by 274% to \$4.2m resulting in a gross margin of 19.2% increased by 6.7%
- Exceptional growth in owned brand sales up 424% to \$1.40m (HY19 compared to HY18)



### Same store growth\*

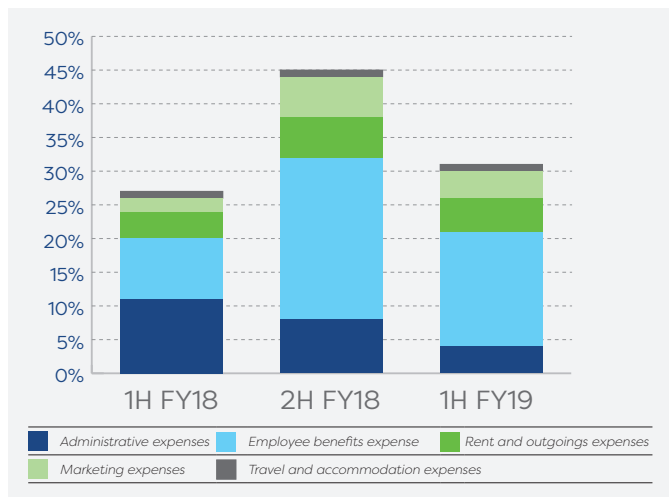
- Strong same store growth up 30% in sales and 71% in GP
- All stores have been maturing and achieved profitability during the HY

\* same stores at the time of listing in Oct 2017



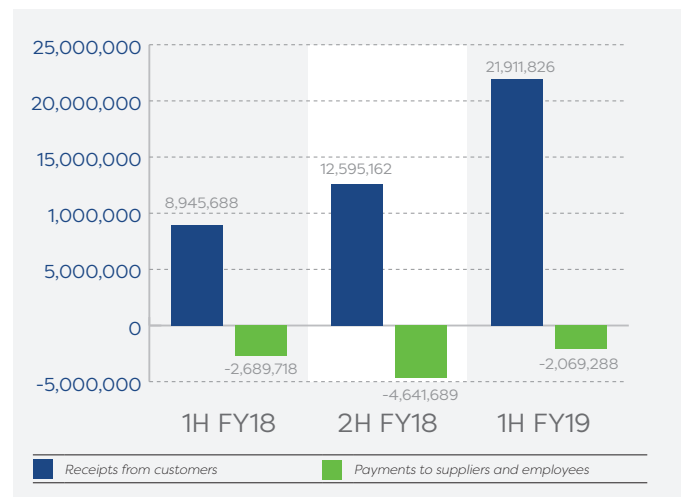
### Normalised operating expenses as a % of sales

- For the half year, operating costs significantly decreased representing 31% of sales, down by 33% from previous 6 months (2H 2018)
- Stabilised fixed operating costs moving forward



### Net cash operating outflows

- Operating cash outflow significant decreased to \$2.07m compare to 2H 2018 \$4.6m



**AuMake International Limited**  
**Directors' report**  
**31 December 2018**

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of AuMake International 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 31 December 2018.

**Directors**

The following persons were directors of AuMake International Limited ('AuMake') during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Keong Chan (Executive Director)  
Jiahua (Joshua) Zhou (Managing Director)  
Gang Xu (Non-Executive Director)  
Quentin Flannery (Non-Executive Director)  
Lingye (Lyn) Zheng (Non-Executive Director)

**Principal activities**

During the financial half-year the principal activities of the consolidated entity was sale of Australian products via its online e-commerce store and AuMake retail stores located in Sydney, New South Wales.

**Review of operations**

The net operation loss for the consolidated entity after providing for income tax amounted to \$2,985,934 (31 December 2017: \$5,810,024).

A review of the operations of the consolidated entity during the half year and results of the operations are set out on the half year result announcement.

**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.

**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 immediately after this directors' report.

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



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Keong Chan  
Executive Chairman

27 February 2019  
Sydney

**RSM Australia Partners**

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**AUDITOR'S INDEPENDENCE DECLARATION**

As lead auditor for the review of the financial report of AuMake International Limited for the half-year ended 31 December 2018, 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 review; and
- (ii) any applicable code of professional conduct in relation to the review.



RSM AUSTRALIA PARTNERS



TUTU PHONG  
Partner

Perth, WA  
Dated: 27 February 2019

**AuMake International Limited****Contents****31 December 2018**

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**General information**

The financial statements cover AuMake International Limited as a consolidated entity consisting of AuMake International 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 AuMake International Limited's functional and presentation currency.

AuMake International 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**

42 Percy Street, Auburn  
Sydney NSW 2144

**Principal place of business**

42 Percy Street, Auburn  
Sydney NSW 2144

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 27 February 2019.

**AuMake International Limited**  
**Statement of profit or loss and other comprehensive income**  
**For the half-year ended 31 December 2018**

		<b>Consolidated</b>	
	<b>Note</b>	<b>31 Dec 2018</b>	<b>31 Dec 2017</b>
<b>Revenue</b>			
Sales revenue	2	21,859,231	9,028,568
Other income	2	183,042	27,321
<b>Expenses</b>			
Cost of sales		(17,653,739)	(7,904,406)
Administrative expenses		(780,973)	(1,004,805)
Employee benefits expense		(3,786,856)	(817,337)
Rent and outgoings expenses		(1,111,135)	(388,614)
Marketing expenses		(951,058)	(181,311)
Travel and accommodation expenses		(172,444)	(63,026)
Restructuring/relisting expenses		-	(1,595,722)
Share based payment expense (facilitator shares)		-	(470,000)
Share based payment expense (director options and performance shares)		(295,459)	(1,846,816)
Depreciation and amortisation		(275,062)	(17,043)
Loss on disposal of assets		(1,481)	(101,546)
Impairment of intangible assets		-	(459,186)
<b>Loss before income tax expense</b>		(2,985,934)	(5,793,923)
Income tax expense		-	(16,101)
<b>Loss after income tax expense for the half-year</b>		<b>(2,985,934)</b>	<b>(5,810,024)</b>
<b>Other comprehensive income</b>			
<i>Items that may be reclassified to profit or loss</i>			
Exchange differences on translation of foreign operations		24,943	-
<b>Total comprehensive loss attributable to owners of Aumake International Ltd</b>		<b><u>(2,960,991)</u></b>	<b><u>(5,810,024)</u></b>
Loss per share for loss from continuing operations attributable to the ordinary equity holders of the company:			
<b>Basic and diluted loss per share (cents per share)</b>		(1.10)	(4.80)

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

**AuMake International Limited**  
**Statement of financial position**  
**As at 31 December 2018**

		<b>Consolidated</b>	
	<b>Note</b>	<b>31 Dec 2018</b>	<b>30 Jun 2018</b>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		8,042,172	10,737,214
Trade and other receivables		354,230	539,272
Inventory		3,750,535	3,357,612
Other assets		192,687	570,952
<b>Total Current Assets</b>		<b>12,339,624</b>	<b>15,205,050</b>
<b>NON-CURRENT ASSETS</b>			
Plant and equipment		2,774,107	2,602,639
Intangible assets		2,373,059	2,073,059
Other Assets		813,753	657,656
<b>Total Non-current Assets</b>		<b>5,960,919</b>	<b>5,333,354</b>
<b>TOTAL ASSETS</b>		<b>18,300,543</b>	<b>20,538,404</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		3,053,253	3,014,496
Interest-bearing liabilities		58,153	62,800
Provisions		290,610	144,271
<b>Total Current Liabilities</b>		<b>3,402,016</b>	<b>3,221,567</b>
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing liabilities		102,783	127,469
<b>Total Non-Current Liabilities</b>		<b>102,783</b>	<b>127,469</b>
<b>TOTAL LIABILITIES</b>		<b>3,504,799</b>	<b>3,349,036</b>
<b>NET ASSETS</b>		<b>14,795,744</b>	<b>17,189,368</b>
<b>EQUITY</b>			
Issued capital	4	26,791,509	26,519,602
Reserves	5	3,558,092	3,237,689
Accumulated losses		(15,553,857)	(12,567,923)
<b>TOTAL EQUITY</b>		<b>14,795,744</b>	<b>17,189,368</b>

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



**AuMake International Limited**  
**Statement of changes in equity**  
**For the half-year ended 31 December 2018**

	<b>Issued capital</b>	<b>Reserves</b>	<b>Accumulated losses</b>	<b>Total equity</b>
<b>Consolidated</b>				
Balance at 1 July 2017	2,841,777	-	(1,335,062)	1,506,715
Loss after income tax expense for the half-year	-	-	(5,810,024)	(5,810,024)
Total comprehensive loss for the half-year	-	-	(5,810,024)	(5,810,024)

*Transactions with owners in their capacity as owners:*

Allotment of shares following conversion of convertible notes	2,290,000	-	-	2,290,000
Allotment of shares following conversion of convertible loan	200,000	-	-	200,000
Issue of share for acquisition of subsidiary	1,200,598	-	-	1,200,598
Share-based payments - Facilitator shares	470,000	-	-	470,000
Share issued	6,100,000	-	-	6,100,000
Share issue costs	(361,800)	-	-	(361,800)
Share-based payments - Director options and performance shares	-	1,846,816	-	1,846,816
Balance at 31 December 2017	<u>12,740,575</u>	<u>1,846,816</u>	<u>(7,145,086)</u>	<u>7,442,305</u>

	<b>Issued capital</b>	<b>Reserves</b>	<b>Accumulated losses</b>	<b>Total equity</b>
<b>Consolidated</b>				
Balance at 1 July 2018	26,519,602	3,237,689	(12,567,923)	17,189,368
Loss after income tax expense for the half-year	-	-	(2,985,934)	(2,985,934)
Other comprehensive income for the half-year	-	24,943	-	24,943
Total comprehensive loss for the half-year	-	24,943	(2,985,934)	(2,960,991)

*Transactions with owners in their capacity as owners:*

Issue of share for acquisition of subsidiary	271,907	-	-	271,907
Share-based payments – Employee options and performance shares	-	295,460	-	295,460
Balance at 31 December 2018	<u>26,791,509</u>	<u>3,558,092</u>	<u>(15,553,857)</u>	<u>14,795,744</u>

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

**AuMake International Limited**  
**Statement of cash flows**  
**For the half-year ended 31 December 2018**

	<b>Consolidated</b>	
<b>Note</b>	<b>31 Dec 2018</b>	<b>31 Dec 2017</b>
<b>Cash flows from operating activities</b>		
Receipts from customers	21,911,826	8,945,688
Payments to suppliers and employees	(24,038,655)	(11,662,728)
Interest received	176,381	16,306
Other revenue	37,257	11,016
	<u>                    </u>	<u>                    </u>
Net cash used in operating activities	(1,913,191)	(2,689,718)
<b>Cash flows from investing activities</b>		
Cash obtained/(used) from/in acquisition of subsidiary	3 (28,093)	17,496
Payments for plant and equipment	(587,447)	(514,773)
Payment of bond	(156,097)	-
Loan to a related party	-	(274,317)
	<u>                    </u>	<u>                    </u>
Net cash used in investing activities	(771,637)	(771,594)
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares (net)	-	5,737,200
Net repayment of borrowings	(35,158)	(13,308)
Proceeds from shares pending allotment	-	1,999,986
	<u>                    </u>	<u>                    </u>
Net cash (used in)/from financing activities	(35,158)	7,723,878
Net (decrease)/increase in cash and cash equivalents	(2,719,986)	4,262,566
Cash and cash equivalents at beginning of the financial half-year	10,737,214	1,129,430
Effects of exchange rate changes on cash and cash equivalents	24,944	-
	<u>                    </u>	<u>                    </u>
Cash and cash equivalents at the end of the financial half-year	<u>8,042,172</u>	<u>5,391,996</u>

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

## **Note 1. Significant accounting policies**

These general-purpose financial statements for the interim half-year reporting period ended 31 December 2018 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 30 June 2018 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, except for the policies stated below.

### **New or amended Accounting Standards and Interpretations adopted**

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

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

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

#### ***AASB 9 Financial Instruments***

The consolidated entity has adopted AASB 9 from 1 July 2018. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income ('OCI'). Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

#### ***AASB 15 Revenue from Contracts with Customers***

The consolidated entity has adopted AASB 15 from 1 July 2018. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

#### ***Impact of adoption***

The adoption of AASB 9 and AASB 15 has had no impact on the financial performance and position of the consolidated entity for the current reporting period or the comparative information.

**Note 1. Significant accounting policies (continued)**

**Revenue recognition**

The consolidated entity recognises revenue as follows:

*Revenue from contracts with customers*

Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are initially recognised as deferred revenue in the form of a separate refund liability.

**Sale of goods**

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

**Rendering of services**

Revenue from a contract to provide services is recognised over time as the services are rendered based on a fixed price.

**Interest**

Interest revenue is recognised as interest accrues using the effective interest method.

**Other revenue**

Other revenue is recognised when it is received or when the right to receive payment is established.

**Trade and other receivables**

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

**AuMake International Limited**  
**Notes to the financial statements**  
**31 December 2018**

**Note 2. Revenue**

	<b>Consolidated</b>	
	<b>31 Dec 2018</b>	<b>31 Dec 2017</b>
<b>From continuing operations</b>		
<i>Sales revenue</i>		
Sale of goods	21,859,231	9,028,568
	<u>21,859,231</u>	<u>9,028,568</u>
<i>Other revenue</i>		
Interest	145,785	16,306
Other revenue	37,257	11,015
	<u>183,042</u>	<u>27,321</u>
Revenue from continuing operations	<u>22,042,273</u>	<u>9,055,889</u>

**Note 3. Controlled Entities**

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries:

<b>Name</b>	<b>Principal place of business / Country of incorporation</b>	<b>Ownership interest</b>	
		<b>31 Dec 2018</b>	<b>30 Jun 2018</b>
		<b>%</b>	<b>%</b>
<b>Parent entity</b>			
AuMake International Limited	<b>Australia</b>		
<b>Name of controlled entity</b>			
ITM Corporation Ltd	Australia	100%	100%
Aumake Australia Pty Ltd	Australia	100%	100%
Jumbuck Australia Pty Ltd	Australia	49%	49%
168 Express Pty Ltd	Australia	100%	100%
Newera Australia Pty Ltd	Australia	100%	100%
Kiwibuy Australia Pty Ltd	Australia	100%	100%
Medigum Honey Pty Ltd	Australia	50%	50%
AU8 Media Pty Ltd	Australia	50%	50%
Da Xue Li Health and Technology Ltd	China	100%	100%
Herbsmart Pharmaceutical Pty Ltd	Australia	50% <sup>[1]</sup>	-

<sup>[1]</sup> Herbsmart Pharmaceutical Pty Ltd owns 100% of the Herbsmart brands and trademarks. Newera Australia Pty Ltd, a subsidiary of AuMake International Limited, owns 50% of Herbsmart Pharmaceutical Pty Ltd. AuMake International Limited' 50% ownership of Herbsmart Pharmaceutical Pty Ltd is at nil cost.

**Acquisition of Controlled Entity – Business Combination**

On 3 September 2018, Kiwibuy Australia Pty Ltd, a subsidiary of AuMake International Limited completed the acquisition of the business assets held by One Shop International Pty Ltd, One Shop Australia Pty Ltd and Milan Station Pty Ltd (together known as 'Kiwi Buy') via the issue of 1,087,630 shares. This acquisition did not include the acquisition of the issued capital of 'Kiwi Buy'. This acquisition is deemed to be a business combination and the details of the acquisition are as follows:



#### Note 4. Equity - issued capital

*Movements in ordinary share capital*

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**Note 5. Equity – Reserves**

**Consolidated**

	<b>31 Dec 2018</b>	<b>30 Jun 2018</b>
	<b>\$</b>	<b>\$</b>
Options reserve (a)	1,022,787	727,327
Performance shares reserve (b)	2,400,000	2,400,000
Foreign currency translation reserve (c)	135,305	110,362
Total	<u>3,558,092</u>	<u>3,237,689</u>

**(a) Options**

*Movements in option reserve*

	<b>31 Dec 2018</b>		<b>30 Jun 2018</b>	
	<b>No. of</b>		<b>No. of</b>	
	<b>Securities</b>	<b>\$</b>	<b>Securities</b>	<b>\$</b>
<b>Consolidated</b>				
At the beginning of the reporting period	12,150,000	727,327	5,000,000	246,816
Issue of options to director and employees with an exercise price of \$0.20	-	378,002	7,150,000	480,511
Cancelled options	(1,400,000)	(82,542)	-	-
At the end of the reporting period	<u>10,750,000</u>	<u>1,022,787</u>	<u>12,150,000</u>	<u>727,327</u>

**(b) Performance shares**

The performance share reserve is related to the 50,000,000 Performance Shares, comprising 25,000,000 Class A Performance Shares and 25,000,000 Class B Performance Shares to founding shareholders of AuMake Subsidiary.

**(c) Foreign currency translation reserve**

The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars.

*Movements in foreign currency translation reserve*

	<b>31 Dec 2018</b>	<b>30 Jun 2018</b>
	<b>\$</b>	<b>\$</b>
<b>Consolidated</b>		
At the beginning of the reporting period	110,362	-
Exchange difference on translation of foreign operations	24,943	110,362
At the end of the reporting period	<u>135,305</u>	<u>110,362</u>

**Note 6. Contingencies**

There are no contingent assets as at 31 December 2018 (30 June 2018: Nil). There have been changes to the contingent liabilities since 30 June 2018.

**Note 7. Commitments**

*Lease commitments - operating*

Committed at the reporting date but not recognised as liabilities, payable:

	<b>Consolidated 31 Dec 2018</b>	<b>Consolidated 30 Jun 2018</b>
	<b>\$</b>	<b>\$</b>
Within one year	1,902,235	1,473,543
After one year but not more than five years	4,274,545	4,348,418
	<u>6,176,780</u>	<u>5,821,961</u>

**Note 8. Operating Segments**

The directors have considered the requirements of AASB 8 - Operating Segments and the internal reports that are reviewed by the Board in allocating resources and have concluded that at this time there are no separately identifiable segments.

Following the adoption of AASB 8, the identification of the consolidated entity's reportable segments has not changed. During the period, the consolidated entity considers that it has only operated in one segment, being operating a multi-brand, omni-channel retail business.

The consolidated entity is domiciled in Australia. Revenue from external customers is generated from Australia and China. Segment revenues are allocated based on the country in which the customer is located. Assets are located in Australia and China.

**Note 9. Events after the reporting period**

There are no matter or circumstance has arisen since 31 December 2018 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

**AuMake International Limited**  
**Directors' declaration**  
**31 December 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 31 December 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



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Keong Chan  
Director

27 February 2019  
Sydney

**RSM Australia Partners**

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**INDEPENDENT AUDITOR'S REVIEW REPORT  
TO THE MEMBERS OF  
AUMAKE INTERNATIONAL LIMITED**

We have reviewed the accompanying half-year financial report of AuMake International Limited which comprises the statement of financial position as at 31 December 2018, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

*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 consolidated entity's financial position as at 31 December 2018 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 AuMake International 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.

**THE POWER OF BEING UNDERSTOOD**  
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*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 AuMake International Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

*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 AuMake International Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2018 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

RSM

RSM AUSTRALIA PARTNERS



TUTU PHONG  
Partner

Perth, WA  
Dated: 27 February 2019

**AuMake International Limited**  
**Appendix 4D**  
**Half-year report**

**Company details**

Name of entity:	AuMake International Limited
ACN:	150 110 017
Reporting period:	For the half-year ended 31 December 2018
Previous period:	For the half-year ended 31 December 2017

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**Results for announcement to the market**

The consolidated entity has adopted Accounting Standards AASB 9 'Financial Instruments' and AASB 15 'Revenue from Contracts with Customers' for the half-year ended 31 December 2018. The adoption of the new and revised Accounting Standards and Interpretations has no effect on the amounts reported for the current half-year.

	31 Dec 2018	31 Dec 2017
Revenues from ordinary activities up 143%	\$22,042,273	\$9,055,889
Loss from ordinary activities after tax attributable to the owners of AuMake International Limited down 49%	\$2,985,934	\$5,810,024
Loss for the half-year attributable to the owners of AuMake International Limited down 49%	\$2,985,934	\$5,810,024

**Commentary on the results**

A review of the operations of the consolidated entity during the half year and results of the operations are set out on the half year result announcement.

**Dividends**

No dividends have been paid or declared by the Company since the beginning of the current reporting period. No dividends were paid for the previous reporting period.

**Control gained or lost over entities having material effect**

Not applicable.

**Net tangible assets**

	31 December 2018 Cents	31 December 2017 Cents
Net tangible assets per ordinary security	4.58	2.32

**Investments in Associates or Joint Ventures**

There are no associates or joint venture entities.

**AuMake International Limited**  
**Appendix 4D**  
**Half-year report**

**Audit Qualification or Review**

The financial statements were subject to a review by the auditors and the auditor's review report is attached as part of the Interim Report.

**Attachments**

*Details of attachments:*

The Interim Report of AuMake International Limited for the half-year ended 31 December 2018 is attached.

**Signed**

A handwritten signature in black ink, appearing to be 'Keong Chan', with a long horizontal stroke extending to the right.

Keong Chan  
Executive Chairman

27 February 2019  
Sydney

# About AuMake

AuMake International Limited is an ASX listed retail company connecting Australian suppliers directly with daigou and Chinese tourists.

AuMake engages with the growing and influential daigou and Chinese tourist markets, by offering a one-stop-shop retail network. This includes a range of Australian products across four main categories including:

- healthcare (supplements and food)
- skin, body care and cosmetics
- dairy products and baby food (including infant formula)
- wool and leather products.

Customers of AuMake value the full service offering which includes knowledgeable bilingual staff, multiple payment options (including WeChat, Alipay and UnionPay) and an in-store logistics service for the delivery of products to anywhere in the world including China.

**[aumake.com.au](http://aumake.com.au)**

## INVESTORS

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