JATENERGY LIMITED

ABN 31 122 826 242

ASX Appendix 4D

RESULTS FOR ANNOUNCEMENT TO THE MARKET FOR THE SIX MONTHS ENDED 31 DECEMBER 2019

The following information should be read in conjunction with both the Financial Report for the year ended 30 June 2019 and the Interim Report for the half year ended 31 December 2019 and the attached auditors' review report.

This Appendix 4D is prepared in accordance with ASX Listing Rule 4.2A.3.

Reporting period: Half-year from 1 July 2019 to 31 December 2019.

Previous corresponding period: Half-year from 1 July 2018 to 31 December 2018.

Results for announcement to the market

	31 Dec 2019		**31 Dec 2018**
Revenue from Ordinary activities for the period	$30,619,001	**Up 0.49% from**	$30,470,681
Net loss from the ordinary operating activities after tax	($2,031,170)	**Down 90.43% from**	($21,215,621)
Net loss from the ordinary operating activities after tax attributable to the members of the Parent	($2,413,992)	**Down 76.47% from**	($10,262,704)
Earnings per share (cents)	(0.30)	**Down 80.64% from**	(1.55)
Net Tangible assets per ordinary share (cents)	(0.011)	**Down 650% from**	0.002

Comments

The Group incurred a loss after tax attributable to members of $2,031,170 for the six months to 31 December 2019 (31 December 2018: $21,215,621 loss). During the period the Group fully impaired the NCA deposit of $2,500,000.

Dividends

Jatenergy has not paid or proposed to pay any dividend during the period.

Control gained over entities

During the reporting period, Jatenergy acquired 70% of shares in Australian Natural Milk Association Pty Ltd (ANMA). Jatenergy subsequently sold shares amounting to 5% of the issued shares in ANMA to the minority shareholders in Sunnya Pty Limited for $1 million.

JATENERGY LIMITED

ABN 31 122 826 242

ASX Appendix 4D

RESULTS FOR ANNOUNCEMENT TO THE MARKET FOR THE SIX MONTHS ENDED 31 DECEMBER 2019

Details of associates and joint venture entities

(a) A joint venture company, JAT Oppenheimer Pty Ltd, has been established and is 50% owned by Jatenergy.

(b) In August 2019, Jatenergy established a joint venture, JWR International Limited ("JWR") in Hong Kong to develop manufacture and sell a new range of cosmetic products into China, Hong Kong, South Korea and Australia. Jatenergy owns 50% of the shares in JWR.

Dividends by subsidiaries

Sunnya Pty Limited paid a dividend of $ 1,466,653. Jatenergy received 51% of that dividend, the remaining 49% was paid to the minority shareholders in Sunnya.

Green Forest International Pty Limited paid a dividend of $980,000. Jatenergy received 50% of that dividend, the remaining 50% was paid to the minority shareholders in Green Forest International Pty Limited.

Details of foreign entities

None

Audit modified opinion, emphasis of matter or other matter

The accounts presented include an auditors' review report with an emphasis of the matter regarding going concern.

CORPORATE DIRECTORY

Directors:	Mr. Wilton Yao *Managing Director* Mr. Brett Crowley *Non-Executive Chairman* Mr. Xipeng Li *Non-Executive Director*
Company Secretary:	Mr. Justyn Stedwell and Mr Brett Crowley
Registered Office:	Suite 306, 521 Toorak Road TOORAK VIC 3142 Phone: +61 488 248 138
Website:	www.jatenergy.com
Share Registry:	Security Transfer Australia Pty Ltd 770 Canning Highway Applecross WA 6153 Phone: 1300 992 916
Auditor:	LNP Audit and Assurance Pty Ltd Level 14, 309 Kent Street SYDNEY NSW 2000
Stock Exchange Listing:	Jatenergy Limited shares are listed on the Australian Securities Exchange (ASX) under JAT.

JATENERGY LIMITED AND CONTROLLED ENTITIES

INTERIM REPORT
FOR THE HALF YEAR ENDED 31 DECEMBER 2019

JATENERGY LIMITED AND CONTROLLED ENTITIES

Financial Report for The Half Year Ended 31 December 2019

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JATENERGY LIMITED AND CONTROLLED ENTITIES

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

Directors' Report

Your Directors present their report on Jatenergy Limited ("JAT") and its controlled entities (the Group), for the half-year ended 31 December 2019.

Directors

The followings persons were Directors of JAT during and up to the date of this report:

- Mr Brett Crowley, Non-Executive Chairman
- Mr Xipeng Li, Non-Executive Director
- Mr Wilton Yao, Managing Director

Review of operations

The consolidated loss after providing for income tax of the Group for the half year ended 31 December 2019 amounted to $2,031,170 (Dec 2018: $21,215,621 loss).

The revenue of the Group has increased during the current period to $30,619,001 (2018: $30,470,681). The Group's trading activities resulted in gross profit of $7,299,261 for the half year ended 31 December 2019 (2018:$1,784,931). The increase in gross profit is attributable to Sunnya Pty Ltd of $6,319,505 as the Group has consolidated Sunnya Pty Ltd for the complete six months for the half year ended 31 December 2019 as compared with only 83 days for the period ended 31 December 2018.

Acquisition of Australian Natural Milk Association Pty Ltd ("ANMA")

In August 2019, JAT announced it had agreed to acquire 70% of the issued shares in ANMA. ANMA operates a 5,000m² manufacturing facility on 8,000m² of land in Derrimut, Victoria, equipped with state-of-the-art processing lines specialising in handling infant formula milk powder and other dairy products.

ANMA is one of only 15 milk powder manufacturers in Australia approved by China's Certification and Accreditation Administration (CNCA) for exporting infant formula into China under regulatory requirements administrated by China's State Administration for Market Regulation (SAMR).

The acquisition allowed JAT to take control of the supply chain of one of its major products. As a result, JAT will eliminate reliance on contract manufacturers for its milk powder products, increase profits by capturing the manufacturer's margin and reduce business risk.

Consideration for the acquisition was $14 million, payable by instalments of cash totalling $12 million and the issue of JAT shares in the amount of $2 million between the date of signing of the agreement and 30 June 2020. The remaining 30% of ANMA was retained by a current shareholder. None of the vendors were related parties of JAT. Completion of the acquisition occurred in October 2019, following approval from shareholders at the company's Annual General Meeting in late September. Subsequently, the minority shareholders in JAT's subsidiary, Sunnya Pty Limited, acquired 5% of ANMA for $1 million. As a result, JAT will own 65% of ANMA.

Production of JAT's Neurio Goat Infant formula commenced at the ANMA facility in August 2019. The ANMA facility also continued to produce formula for other third-party milk powder suppliers.

Directors' Report

In October 2019, JAT placed several orders for new machinery at the ANMA facility, in order to meet the highest of standards of milk powder and multi-line packing in Australia.

The new machinery is required for two separate projects within the factory:

1. Additional milk canning lines will be installed so that milk powder can be canned into containers having a capacity from 300g up to 900g. As products which include lactoferrin are normally sold in smaller containers, it is essential that ANMA has the capacity to produce cans as small as 300g. The installation of additional canning lines means that multi-head fast speed sealing machines will also be acquired and installed.
2. A new multi-line sachet packing machine will be installed to meet the growing trend for products to be packaged into sachets. There is a demand for milk powder to be packed into individual sachet bags for various uses. Many consumers require sachets containing from 10g to 40g of milk powder to conveniently carry for use during the day, for instance at work or while travelling. JAT's Neurio lactoferrin product requires 1g sachets for child products and 10g sachets for adults. The new packing machine will allow ANMA to produce three different sizes of sachets to meet the growing and changing consumer demand.

In November 2019, JAT entered into a five-year manufacturing and supply agreement with a new customer, Beta A2 Australia Manufacturing Pty Limited ("Beta"). The agreement required JAT to manufacture and supply Beta with Beta's milk formula products branded "Farmers Beta A2" from its ANMA manufacturing facility.

Certification agreement with CCIC

In October 2019, JAT entered into an agreement with CCIC Australia Pty Ltd ("CCIC Aust"), under which CCIC Aust will manage the Chinese registration, approval, certification and traceability of products produced in Australia by the Group.

The agreement with CCIC Aust ensures that Group's products meet the national standards of China. The traceability service is to guarantee only genuine Group products are sold in China. The assistance from CCIC will provide greater opportunity for ANMA's infant formula registration to be accepted and approved by Chinese authorities and will be an invaluable resource to ensure the new products being developed and produced at the ANMA factory will meet Chinese standards and requirements.

New China distribution agreements

In November 2019, the Group signed three distribution agreements at the second China International Import Expo (CIIE) with the following companies:

- A two-year distribution agreement with Kigobaby, a distributor of consumer products throughout China. The distribution agreement provides for Kigobaby to be the exclusive distributor in China of a single Neurio product line, being Neurio Formulated Milk Powder with Lactoferrin + Sialic Acid.
- A 12-month distribution agreement with China-based health, wellness and maternity product distributor, Cyclone E-Commerce Co., Ltd under which Cyclone agreed to purchase over A$7.5 million in product over the following 12 months.
- A three-year non-exclusive distribution agreement with Kiss Kangaroo for the sale of most Neurio products through its online platform and closed offline channel.

Subsequent to period end (January 2020), JAT entered into a three-year Distribution Agreement with Ocker Products Pty Ltd for the non-exclusive distribution of JAT dairy products in China.

Establishment of plant-based meat manufacturing and supply business

In October 2019, JAT signed an agreement with Sydney-based Oppenheimer Pty Ltd to develop a range of plant-based meats to be sold into the China and other Asian markets.

Oppenheimer is a private company based in Sydney which has a focus on being a world class ingredient manufacturer and a leading provider of global food service brands in Australia, New Zealand, India, China, Southeast Asia and Singapore.

JAT and Oppenheimer formed a separate company, JAT Oppenheimer Pty Ltd, to carry on the new business. A shareholders' agreement between the parties was signed, with JAT and Oppenheimer each owning 50% of the new company.

The directors of JAT consider that the supply of plant-based meat products is becoming a fast-growing industry with a very significant market available in China and other Asian countries. The agreement with Oppenheimer will allow JAT to develop its own plant-based meat products and brands.

Significant progress has been made in developing the business as follows:

1. JAT introduced the plant-based meat project at the second China International Import Expo ("CIIE") in Shanghai last week. The project received high exposure on a number of Chinese media outlets including TV during the CIIE.
2. The first three products to be produced are plant-based beef, pork and burger patties. The design of packaging for each of the products is nearing completion and orders for the packaging will be made shortly. As soon as the packaging is received, sales of the products will commence.
3. The products will be marketed under the "VMeat" tradename. A trademark has been registered.
4. Discussions have commenced with local supermarkets and other food retailers for distribution of the products in Australia.

Under a distribution agreement signed in December 2019, Shanghai Gurun Wanfeng Catering Co. has the non-exclusive right to distribute in China all JAT plant-based meat products under the Vmeat label, as well as any other products developed by JAT.

Shanghai Gurun specialises in catering and restaurant operations and management in China. The company operates fast food restaurants in A-class office buildings, it manages restaurants at large commercial and industrial parks and provides catering services for large enterprises.

The distribution agreement requires Shanghai Gurun to purchase a minimum of A$2 million of products in the first year of the two-year agreement. Shanghai Gurun will use the plant-based meat products in its facilities as well as distributing the products to other restaurants in China. It will, through its team of chefs, provide valuable input on further plant-based products to be developed by JAT for the China market.

Directors' Report

JAT to open its Shanghai Maternity and Infant Boutique in March 2020

JAT will open a Maternity & Infant Boutique in a prime retail location in Shanghai. The Boutique is scheduled to open in March 2020. JAT believes this is the first Australian company to sell dairy products through its own retail outlet in China. By opening the Boutique, JAT will complete its end-to-end supply and delivery chain.

The Boutique is located directly opposite Shanghai Children's Hospital, Shanghai Pregnancy School, Shanghai Putuo Maternity & Infant Health Institute and Shanghai Oasis Kindergarten. The Boutique will adjoin Sinopharm Pharmacy.

JWR International Limited ("JWR")

In August 2019, Jatenergy established a joint venture in Hong Kong to develop, manufacture and sell a new range of cosmetic products into China, Hong Kong, South Korea and Australia. JWR will establish its own brand name for the cosmetics, and it is expected that the first range of products will be introduced to the market in March 2020.

Impairment of Deposit – Golden Koala

In 2018, JAT's 51% subsidiary, Golden Koala Group Pty Limited (GK), paid a total of $2.5 million to Nutritional Choice Australia Pty Ltd ("NCA") for the production of infant milk formula for Chinese consumers. NCA holds a Chinese Food and Drug Administration licence (now referred to as "SAMR" approval) for the production of the GK products. Subsequent to the payment made by GK, legal proceedings were commenced in the Federal Court of Australia against NCA. The effect of the court proceedings was to prevent NCA supplying GK with the contracted products. As a result, GK exercised its security over the assets of NCA and appointed a receiver to NCA to protect its position. The Federal Court proceedings have now been completed.

The directors of JAT have been advised that the business of NCA is in the process of being sold. In order to complete the sale, GK's security over the assets of NCA will need to be discharged. Accordingly, GK expects to recover its receivable of $2.5 million at settlement of the sale.

Given there remains some uncertainty about the recoverability of the receivable and taking a prudent approach, the directors of JAT have made a decision to fully provide for the deposit of $2.5 million at 31 December 2019.

Outlook

The Group is expected to see continued growth in its dairy products business for the second half of the 2020 year. Since December 2019, the Group's Neurio dairy products brands containing lactoferrin has seen strong demand in China driven by the emergence of the coronavirus. Orders for the Neurio brands for February and March at levels far in excess of previous periods. Total number of orders to date in February 2020 is $2 million (February 2019: $1,099,917) and March 2020 is $1.8 million (March 2019: $388,714).

Upon the completion of the installation of new machines at ANMA in February 2020, the group expects to be able increase the margins earned from producing its own products as well as generate revenue from the manufacture of products for third parties.

The directors are continuing to monitor the effect of the coronavirus on the Group's business.

Directors' Report

It is expected that establishment of Jat Oppenheimer and JWR will broaden the products within the Group which are sold into China and Asian region.

During the period, there has been a drop in the sales of Green Forest in China and Hong Kong region. The Directors attributed this to a combination of the political unrest in Hong Kong, the emergence of the coronavirus and an increase in international freight and logistics charges. Green Forest is in the process of introducing new products which it expects will result in steady revenue for the second half of the year.

Dividends

No dividend has been declared or paid by Jatenergy during the half year ended 31 December 2019.

Significant Events since Balance Sheet Date

No matters or circumstances have arisen since the end of the financial half year which significantly affected or could significantly affect the operations of the group, the results of these operations or the state of affairs of the Group in future financial years.

Auditors Independence Declaration

A copy of the auditor's independent declaration, as required under section 307C of the Corporation Act, 2001 is set out on page 6.

This report is made in accordance with a resolution of the Board of Directors:

Brett Crowley
Chairman

Dated this 28 day of February 2020

LNP Audit + Assurance

ABN 65 155 188 837

L14 309 Kent Street Sydney NSW 2000
+61 2 9290 8515

L24 570 Bourke Street Melbourne VIC 3000
+61 3 8658 5928

L14 167 Eagle Street Brisbane QLD 4000
+61 7 3607 6379

www.lnpaudit.com

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF JATENERGY LIMITED

As lead auditor for the review of Jatenergy Limited for the half-year ended 31 December 2019, I declare that, to the best of my knowledge and belief, there have been:

1. no contraventions of the auditor independence requirements as set out in 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.

LNP Audit and Assurance Pty Ltd

Anthony Rose
Director

Melbourne, 28 February 2020

JATENERGY LIMITED AND CONTROLLED ENTITIES

CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2019

	Note	31-Dec-2019	31-Dec-2018
		$	$
Revenue		30,619,001	30,470,681
Cost of goods sold		(23,319,740)	(28,685,750)
Gross Profit		7,299,261	1,784,931
Other Income		407,387	2,722,301
Depreciation & Amortisation		(944,106)	(22,953,526)
Impairment	6	(2,500,000)	-
Finance costs		(739,579)	(327,174)
Administration expenses		(2,548,652)	(1,658,558)
Other expenses		(1,675,516)	(783,595)
Loss before income tax		**(701,205)**	**(21,215,621)**
Income tax expense		(1,329,965)	-
Total comprehensive loss for the year		**(2,031,170)**	**(21,215,621)**
Loss attributable to:			
- Members of parent entity		(2,413,992)	(10,262,704)
- Non-controlling interest		382,822	(10,952,917)
		(2,031,170)	**(21,215,621)**
Loss per share for loss attributable to the ordinary equity holders of the company:		**Cents**	**Cents**
Basic loss per share		(0.30)	(1.55)
Diluted loss per share		(0.30)	(1.55)

These financial statements should be viewed with the accompanying notes

JATENERGY LIMITED AND CONTROLLED ENTITIES

CONDENSED STATEMENT OF FINANCIAL POSITION AS AT HALF YEAR ENDED 31 DECEMBER 2019

	Note	31-Dec-19	30-Jun-19
		$	**$**
Assets			
Current assets			
Cash and cash equivalents		7,230,262	7,844,671
Trade and other receivables	6	2,096,517	4,744,319
Inventory		4,304,537	3,267,750
Financial assets		282,595	-
Total current assets		**13,913,911**	**15,856,740**
Non-current assets			
Property, plant and equipment	10	6,960,589	63,379
Investment in joint ventures		500,000	-
Intangible assets	5	51,341,494	28,799,052
Total non-current assets		**58,802,083**	**28,862,431**
Total assets		**72,715,994**	**44,719,171**
Liabilities			
Current liabilities			
Trade and other payables	8	10,148,904	1,121,600
Financial liabilities	9	2,394,512	1,675,806
Tax liabilities		1,329,965	919,384
Provisions	7	129,184	5,305,470
Total current liabilities		**14,002,565**	**9,022,260**
Non-Current liabilities			
Borrowings	9	12,081,027	2,527,374
Deferred tax liabilities		5,117,460	1,028,100
Total non-current liabilities		**17,198,487**	**3,555,474**
Total liabilities		**31,201,052**	**12,577,734**
Net assets		**41,514,942**	**32,141,437**
Equity			
Contributed equity	4	63,227,875	57,556,005
Accumulated losses		(42,681,585)	(40,267,593)
Total Parent Entity		**20,546,290**	**17,288,412**
Non-controlling interests		20,968,652	14,853,025
Total equity		**41,514,942**	**32,141,437**

These financial statements should be viewed with the accompanying notes

JATENERGY LIMITED AND CONTROLLED ENTITIES

CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 31 DECEMBER 2019

	Contributed Equity	Non-Controlling Interest	Accumulated Losses	Total
	$	$	$	$
Balance as at 1 July 2018	45,216,805	12,428,580	(30,470,624)	27,174,761
Loss for the period	-	(10,952,917)	(10,262,704)	(21,215,621)
Shares issued during the period net of cost	11,642,200	-	-	11,642,200
Recognition of Non- controlling Interests	-	14,052,219	-	14,052,219
Balance as at 31 December 2018	**56,859,005**	**15,527,882**	**(40,733,328)**	**31,653,559**
	$	$	$	$
Balance as at 1 July 2019	57,556,005	14,853,025	(40,267,593)	32,141,437
Profit/(loss) for the period	-	382,822	(2,413,992)	(2,031,170)
Dividend declared by subsidiaries	-	(1,208,660)	-	(1,208,660)
Shares issued during the period net of cost	5,671,870	-	-	5,671,870
Recognition of Non- controlling Interests	-	6,941,465	-	6,941,465
Balance as at 31 December 2019	**63,227,875**	**20,968,652**	**(42,681,585)**	**41,514,942**

These financial statements should be viewed with the accompanying notes

CONDENSED STATEMENT OF CASH FLOWS FOR THE HALF YEAR ENDED 31 DECEMBER 2019

	Note	31-Dec-2019 $	31-Dec-2018 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		33,689,462	28,730,806
Interest received		152,879	152,360
Payments to suppliers and employees		(31,378,941)	(33,276,815)
Interest paid		(656,618)	(221,918)
Income taxes paid		(1,065,068)	-
Net cash provided by/(used in) operating activities		**741,714**	**(4,615,567)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for acquisitions	13 (d)	(4,000,000)	(4,600,000)
Payment for property, plant and equipment		(857,160)	-
Payment for investment in joint ventures		(500,000)	-
Net cash used in investing activities		**(5,357,160)**	**(4,600,000)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		504,097	7,492,300
Proceeds received in advance of shares issued		-	474,300
Proceeds from borrowings		4,746,564	2,307,630
Repayment of borrowings		(40,964)	-
Dividends paid		(1,208,660)	-
Net cash provided by financing activities		**4,001,037**	**10,274,230**
Net increase/ (decrease) in cash held		(614,409)	1,058,663
Cash and cash equivalents at beginning of financial period		7,844,671	4,218,478
Cash and cash equivalents at end of financial period		**7,230,262**	**5,277,142**

Notes to the Condensed Consolidated financial statements

Corporate Information

Jatenergy Limited is a for profit listed public company incorporated and domiciled in Australia. The financial report for the half year ended 31 December 2019 relates to Jatenergy Limited ('the company) and its controlled entities ('the Group'). The interim financial statements have been approved and authorised for issue by the Board of Directors on 28 February 2020.

General information and basis of preparation

The condensed financial report is a general-purpose financial report prepared in accordance with the Corporations Act 2001, applicable Accounting Standards (including AASB 134 Interim Financial Reporting) and other mandatory professional reporting requirements. All amounts are presented in Australian dollars ($AUD). The condensed financial report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the annual report for the year ended 30 June 2019 and any public announcements made during the half year to 31 December 2019 in accordance with the continuous disclosure obligations under the Australian Securities and Exchange Listing Rules and the Corporations Act 2001. The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Group's annual financial report for the financial year ended 30 June 2019, except as described below.

Note 1 Significant Accounting Policies

(a) New and Amended Standards Adopted

The Group has adopted AASB 16 Leases using the modified retrospective method from 1 July 2019 and therefore the comparative information for the year ended 30 June 2019 has not been restated. Changes to accounting policies are described below.

Effect of adopting AASB 16 at 1 July 2019

Impact on the statement of financial position at 1 July 2019:

	1 Jul 2019 $
Non-current assets	
Lease assets	1,254,876
Total non-current assets	**1,254,876**
TOTAL ASSETS	**1,254,876**
Current liabilities	
Lease liabilities	141,958
Total current liabilities	**141,958**
Non-current liabilities	
Lease liabilities	1,112,918
Total non-current liabilities	**1,112,918**
TOTAL LIABILITIES	**1,254,876**
NET ASSETS	-
Equity	-
TOTAL EQUITY	-

Note 1 Significant Accounting Policies

(a) New and Amended Standards Adopted (continued)

There is no impact on the statement of profit or loss and other comprehensive income, statement of cash flows, and basic and diluted earnings per share for the comparative period as the Group elected to adopt the modified retrospective approach when transitioning to AASB 16.

The lease liabilities as at 1 July 2019 can be reconciled to the operating lease commitments as at 30 June 2019 as follows:

The Company has recognised right-of-use assets of $1,254,876 and lease liabilities of $1,254,876 at 1 July 2019, for leases previously classified as operating leases.

The weighted average lessee's incremental borrowing rate applied to lease liabilities at 1 July 2019 was 5.5%.

	$
Operating lease commitments at 30 June 2019 financial statements	781,876
Discounted using the incremental borrowing rate at 1 July 2019	661,447
Add:	
Extension options reasonably certain to be exercised not included in the commitments note at 30 June 2019	593,429
Lease liabilities recognised at 1 July 2019	1,254,876
Add:	
Lease liability acquired with the acquisition of ANMA on 1 October 2019	4,268,502
Less:	
Payment made towards lease liability as at 31 December 2019	(40,964)
Lease Liability as at 31 December 2019	**5,482,414**

Effect of AASB 16 on the six months period ended 31 December 2019

Set out below are the carrying amounts of the Group’s right-of-use assets and lease liabilities and the movements during the half-year ended 31 December 2019:

	Right of Use Asset	**Lease liabilities**
As at 1 July 2019	**1,254,876**	**1,254,876**
Asset and Liability acquired during the period	4,268,502	4,268,502
Depreciation expense	(167,385)	-
Interest expense	-	95,838
Payments	-	(136,802)
As at 31 December 2019	**5,355,993**	**5,482,414**

Note 1 Significant Accounting Policies

(a) New and Amended Standards Adopted (continued)

Summary of new accounting policies

Set out below are the new accounting policies of the Group upon adoption of AASB 16, which have been applied from the date of initial application at 1 July 2019.

Right of use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the relevant commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the relevant lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the relevant lease term. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the relevant lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate (initially measured using the index or rate as at the relevant commencement date), and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

The Group applies the practical expedient to not separate non-lease components from lease components, and instead accounts for each lease component and any associated lease components as a single lease component.
The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the relevant lease commencement date if the interest rate implicit in the lease is not readily determinable. After the relevant commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Significant judgements

The Group has made the following significant judgements with respect to its leases as lessee:

(i) Determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

Note 1 Significant Accounting Policies

(a) New and Amended Standards Adopted (continued)

Under the office premise leases, the Group is able to continually exercise the option to extend the term of the lease. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (i.e. a change in business strategy). The Group has included reasonably certain renewal options as part of the lease term for three of its premise's leases for a further 5 years.

(ii) Determining the incremental borrowing rate

The Group has applied judgement to determine the incremental borrowing rate, which affects the amount of lease liabilities or right-of-use assets recognised. The Group reassesses and applies the incremental borrowing rate on a lease by lease basis at the relevant lease commencement date based on the term of the lease (or the remaining term of the lease at the initial date of application).

(b) Intangibles

i) Goodwill

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is calculated as the excess of the sum of: the consideration transferred; any non-controlling interest (determined under either the full goodwill or proportionate interest method); and the acquisition date fair value of any previously held equity interest; over the acquisition date fair value of any identifiable assets acquired and liabilities assumed.

Changes in the company's ownership interests in subsidiaries that do not result in the company losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the company's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the noncontrolling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the company.

The amount of goodwill recognised on acquisition of each subsidiary in which the Group holds a less than 100% interest will depend on the method adopted in measuring the non-controlling interest. The Group can elect in most circumstances to measure the non-controlling interest in the acquiree either at fair value ("full goodwill method") or at the non-controlling interest's proportionate share of the subsidiary's identifiable net assets ("proportionate interest method"). In such circumstances, the Group determines which method to adopt for each acquisition and this is stated in the respective note to the financial statements disclosing the business combination. Under the full goodwill method, the fair value of the non-controlling interest is determined using valuation techniques which make the maximum use of market information where available. Goodwill on acquisitions of subsidiaries is included in intangible assets.

Goodwill is tested for impairment annually and is allocated to the group's cash-generating units or groups of cash-generating units, which represents the lowest level at which goodwill is monitored but where such level is not larger than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity sold. Changes in the ownership interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions and do not affect the carrying amounts of goodwill.

Note 1 Significant Accounting Policies

(b) Intangibles (continued)

ii) Trade name and customer relationships

Trade name and customer relationships have a finite life and is carried at cost less any accumulated amortisation and impairment losses. Tradename has an estimated useful life of ten years and customer relationship has an estimated useful life of five years. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives.

iii) Import License

Import License has a finite life and is carried at cost less any accumulated amortisation and impairment losses. Import License has an estimated useful life of eight years. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives. Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if accordingly.

(c) Business Combinations

Management uses independent external valuations to assist in determining the fair values of the various elements of each business combination. Particularly, the fair value of separable intangibles, provisions for contingent consideration relating to earn out liabilities, and the resulting goodwill arising from acquisitions.

The estimated value of the separable intangibles and goodwill related to the acquisition of Australian Natural Milk Association Pty Limited (ANMA) during the period have been assessed by management based on valuation performed by an independent third party commissioned by management. Refer to note 5 and note 13 for details.

(d) Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) Carrying amount of intangible assets (refer to Note 5 and 13).

Intangible assets of $51,341,494 (June 2019: $28,799,052) have been recognised in the financial statements. These relate to acquisitions carried out by the Group. The carrying value of intangible assets recognised as a result of these acquisitions have been assessed based on independent external valuations and critical internal assessments of the assumptions underlying the expert valuations. The Group has also considered the estimated useful lives of the intangible assets which are amortised and has carefully reviewed all intangible assets for indications of impairment. Additions to intangible assets in the half year are disclosed in note 13 (b).

Note 1 Significant Accounting Policies

(d) Critical Accounting Estimates and Judgements (continued)

(ii) Going Concern

The financial statements have been prepared on a going concern basis. The Group has incurred a loss after tax in the year from continuing operations of $2,031,170 (Dec 2018: $21,215,621 loss), has net current liabilities of $88,654 (June 2019: $6,834,480 net current assets) and has a deficit of liabilities over net tangible assets of $9,826,552 (June 2019: $3,342,385 surplus of net tangible assets over liabilities).

The Directors believe that the going concern basis of preparation is appropriate due to: the Group having cash balances of $7,230,262 (June 2019: $7,844,671); the Group having positive cash flows from operating activities for the half year of $741,714 (Dec 2018: $4,615,567 outflow); the Company has raised capital of $504,097 from external investors during the period, and based on recent history of raising capital expects to be able to raise more; the Group expecting continuing growth in revenue through expansion in Australian and Chinese Market through its acquired subsidiaries; and the Directors consider the Group is able to scale back activities in order to preserve cash should this be required.

Accordingly, the financial report has been prepared on the going concern basis, and can meet its obligations in the ordinary course of business as and when they fall due. No adjustments have been made to the financial report relating to the recoverability or classification of recorded assets and classification of liabilities that maybe necessary should the Group not continue as a going concern.

(iii) Impairment of Deposit – Golden Koala

In 2018, Jatenergy's 51% subsidiary, Golden Koala (GK), paid a total of $2.5 million to Nutritional Choice Australia Pty Ltd ("NCA") for the production of infant milk formula for Chinese consumers. NCA held a Chinese Food and Drug Administration licence (now referred to as "SAMR" approvals) for the production of the GK products. Subsequent to the payment made by GK, legal proceedings were commenced in the Federal Court of Australia against NCA. The effect of the court proceedings was to prevent NCA supplying GK with the contracted products. As a result, GK exercised its security over the assets of NCA and appointed a receiver to NCA to protect its position. The Federal Court proceedings have now been completed.

The directors of Jatenergy believe that, as the business of NCA is in the process of being sold, it is expected that GK will recover its receivable of $2.5 million. Upon the business of NCA being sold. In this case, the vendors of the business will need to have GK will consent to its security over the assets of NCA being discharged to complete the sale.

Given there remains some uncertainty about the recoverability of the receivable and taking a prudent approach, the directors of Jatenergy have made a decision to fully provide for the deposit of $2.5 million at 31 December 2019.

(e) Segment reporting

The Group has three geographic segments: Australia, New Zealand and China market. In identifying its geographic segments, management generally follows the Group's customer market location. Each of these geographic segments is managed separately as each of these locations requires different marketing strategy and resources. The measurement policies the Group uses for segment reporting under AASB 8 are the same as those used in its financial statements.

Note 1 Significant Accounting Policies

(f) Impact of standards issued but not yet effective

Certain new accounting standards and interpretation have been published that are not mandatory for the 31 December 2019 reporting period. The Group does not intend to adopt the standards before the effective date.

Note 2 Commitment, Contingent Liabilities and Contingent Assets

The Group does not have any contingent liabilities as at 31 December 2019.
The Group is committed to pay $1,468,558 for the purchase of new machinery in ANMA factory.

Note 3 Significant Events since Balance Sheet Date

There are no significant events post balance sheet date, other than those already disclosed.

Note 4 Contributed Equity

(a) Share Capital

	As at 31 Dec 2019 $	As at 30 June 2019 $
Ordinary Shares		
Fully paid shares	63,227,875	57,556,005

b)	As at 31 Dec 2019 $	As at 30 June 2019 $	As at 31 Dec 2019 No.	As at 30 June 2019 No.
Movements in Ordinary Share Capital				
At Beginning on reporting Period	**57,556,005**	**45,216,805**	**798,486,181**	**588,816,182**
August 2018 (Share Placement) acquisition of Green Forest		2,680,000		40,000,000
August 2018 (Share Placement)		960,000		10,633,333
August 2018 (Share Placement)		300,000		3,000,000
October 2018 (Share Placement)		5,000		333,333
October 2018 (Share Placement) acquisition of Sunnya		1,470,000		35,000,000
October 2018 (Share Placement)		1,027,200		22,420,000
December 2018 (Share placement)		5,200,000		86,666,667
Shares issued February 2019		697,000		11,616,666
October 2019 (Shares issued for the $474,300 received in FY19) @6cents	474,300		7,905,000	
October 2019 Shares Issued for Investment in ANMA of $2million @ 5.6cents	2,043,473		36,490,596	
December 2019 Shares Issued to Sunnya ($650,000) and Green forest ($2,000,000) as part of Earnout	2,650,000		66,583,580	
December 2019 Money Received for Right Issue @5cents	504,097		10,081,935	
Closing Balance	**63,227,875**	**57,556,005**	**919,547,292**	**798,486,181**

Note 5 Intangible Assets

	As at 31 Dec 2019	As at 30 June 2019
	$	$
Goodwill	35,536,473	25,886,406
Tradename	553,983	1,957,000
Accumulated amortisation	(29,850)	(43,017)
Impairment loss	-	(1,360,000)
Carrying value	524,133	553,983
Customer relationships	2,358,663	2,830,000
Amortisation	(283,000)	(471,337)
Carrying value	2,075,663	2,358,663
Import License	13,631,200	-
Amortisation	(425,975)	-
Carrying value	13,205,225	-
Total intangible assets	**51,341,494**	**28,799,052**

The movements in the net carrying amount of goodwill are as follow:

Gross carrying amount	**2019**
	$
Balance as 1 July 2019	25,886,406
Acquired through business combination during the period	9,650,067
Impairment loss recognised	-
Balance as 31 Dec 2019	**35,536,473**

Impairment assessment

For the purpose of impairment assessment, potential impairment of goodwill and separable identifiable intangibles is assessed to the cash-generating unit in which it has arisen, being the business entity acquired.

Goodwill of $9,650,067 and separable identifiable intangibles of $13,631,200 from acquisition of ANMA during the period of have been assessed by the board of directors as not requiring any impairment during the current reporting period.

The recoverable amounts of the cash-generating units have been determined based on value-in-use calculations, covering a detailed forecast, followed by an extrapolation of the present values of the expected cash flows using the assumptions as determined by Management.

Note 6 Trade and other receivables

	As at 31 Dec 2019	As at 30 June 2019
	$	$
Current		
Trade receivables	1,378,553	1,362,859
Nutritional Choice Australia Pty Ltd deposit (a)	2,500,000	2,500,000
Provision against (a)	(2,500,000)	-
Prepayment	98,876	495,493
Other receivables	619,088	385,967
Total	**2,096,517**	**4,744,319**

(a) The Board has taken a conservative approach and decided to provide for the deposit, although a receiver has been appointed to recover the amount.

Note 7 Provisions

	As at 31 Dec 2019	As at 30 June 2019
	$	$
Current		
Earnout liabilities	-	5,250,000
Provision for annual leave	129,184	55,470
Total	**129,184**	**5,305,497**

Note 8 Trade and Other payables

	As at 31 Dec 2019	As at 30 June 2019
Current	$	$
Trade payables	980,222	209,476
Earnout liabilities	1,600,000	-
Accruals and other payables	7,568,682	912,124
Total	**10,148,904**	**1,121,600**

Note 9 Financial Liabilities

	As at 31 Dec 2019	As at 30 June 2019
	$	$
Current		
Loans from Shareholders	1,274,000	1,328,482
Loans from Directors	435,868	338,269
Lease liability - premises	668,667	-
HP Liability	15,977	9,055
Total	**2,394,512**	**1,675,806**
Non-current		
Loans from Shareholders	2,150,411	2,460,509
Lease liability - premises	4,813,746	-
Long term borrowings	5,000,000	-
HP Liability	116,870	66,865
Total	**12,081,027**	**2,527,374**

Note 10 Property, Plant & Equipment

	As at 31 Dec 2019	As at 30 June 2019
	$	$
Right of use asset - premises	5,523,378	-
Accumulated Depreciation	(167,385)	-
	5,355,993	-
Plant and Equipment	1,561,163	-
Accumulated Depreciation	(938,182)	-
	622,981	
Motor Vehicles	141,615	67,377
Accumulated Depreciation	(17,160)	(3,998)
	124,455	63,379
Work in progress	857,160	-
Total	**6,960,589**	**63,379**

Note 11 Dividends

The company did not pay or declare any dividend during the period.

Note 12 Key Management Personnel remuneration

Key Management personnel remuneration included within employee expenses for the period is shown below:

	31-Dec-19	31-Dec-18
	$	$
Short term employee benefits	897,463	727,154

The total amount includes salary, superannuation, annual leave, consultancy fee, directors’ fee and short-term incentives.

Note 13 Controlled Entities

a) Subsidiaries of Jatenergy Limited

	Country of Incorporation/ Place of Business	Percentage Owned (%)		Percentage Owned by Non-Controlling Interest (%)	
		Dec-19	**Dec-18**	**Dec-19**	**Dec-18**
Golden Koala Pty Limited	Australia	51	51	49	49
Green Forest International Pty Limited	Australia	50	50	50	50
Sunnya Pty Limited	Australia	51	51	49	49
Australian Natural Milk Association (ANMA)	Australia	65	-	35	-

b) Acquisition of Entities

65% of Australian Natural Milk Association Pty Limited was acquired during the period. Details of the transactions are:

Purchase consideration consisting of:

	$
36,490,596 Shares in Jatenergy Limited	2,043,473
Cash paid	4,000,000
Present value of future cash instalments	6,847,816
Total Consideration	**12,891,289**

Assets and Liabilities Held at acquisition date

	$
Other net tangible assets acquired (ii)	640,890
Deferred Tax Liability	(4,089,360)
Import License (i)	13,631,200
Goodwill (i)	9,650,022
Minority Interest	(6,941,463)
Net Assets Acquired	**12,891,289**

(i) The fair value of goodwill and import licence acquired relating to Australian Natural Milk Association Pty Limited (ANMA) have been determined based on a valuation report received from independent valuation specialist.

Note 13 Controlled Entities (continued)

(ii) During the period the Group obtained control of Australian Natural Milk Association Pty Limited (ANMA)

	ANMA
	$
Cash	156,110
Deposit to suppliers	4,498
Trade Debtors	15,576
Inventory	210,603
Property, Plant & Equipment	640,890
GST Liabilities	53,629
Payroll Liabilities	(38,733)
Trade Creditor	(279,526)
Customer Deposit	(103,327)
Accrued Expense	(18,830)
Total Purchase price paid in cash	**640,890**
Cash paid to obtain control net of cash acquired	4,000,000

Note 14 Segment Report

The Group has identified its geographic segments based on the internal reports that are reviewed and used by the Executive Directors (chief operating decision makers) in assessing performance and determining the allocation of resources. Geographic segment is determined based on location of its markets and customers which is China, Australia and New Zealand.

	Australia	**China**	**New Zealand**	**Total**
	$	**$**	**$**	**$**
Revenue	14,307,082	14,881,928	1,429,991	30,619,001
Expenses	(27,304,991)	(1,739,031)	(1,536,605)	(30,580,627)
Finance cost	(739,579)	-	-	(739,579)
Income Tax Expense	(1,329,965)	-	-	(1,329,965)
Profit or Loss after Income Tax	**(15,067,453)**	**13,142,897**	**(106,614)**	**(2,031,170)**
Total Assets	69,853,436	2,862,374	184	72,715,994
Total Liabilities	(31,060,162)	(57,639)	(83,251)	(31,201,052)
Net Assets	**38,793,274**	**2,804,735**	**(83,067)**	**41,514,942**

DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 8 to 23, are in accordance with the *Corporations Act 2001* and;

    (a) comply with the Australian Accounting Standards, AASB 134: Interim Financial Reporting; and

    (b) give a true and fair view of the Group's financial position as at 31 December 2019 and of the performance for the half year ended on that date.

2. In the directors' opinion there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

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

Brett Crowley

Chairman

Dated this 28 day of February 2020

LNP Audit + Assurance

ABN 65 155 188 837

L14 309 Kent Street Sydney NSW 2000
+61 2 9290 8515

L24 570 Bourke Street Melbourne VIC 3000
+61 3 8658 5928

L14 167 Eagle Street Brisbane QLD 4000
+61 7 3607 6379

www.lnpaudit.com

INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF JATENERGY LIMITED

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half year financial report of Jatenergy Limited and controlled entities (the Group), which comprises the condensed consolidated statement of financial position as at 31 December 2019, condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated cash flow statement for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information notes 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 Jatenergy Limited and controlled entities is not in accordance with the *Corporations Act 2001* including:

i. giving a true and fair view of the entity's financial position as at 31 December 2019 and of its performance for the half-year ended on that date; and

ii. complying with AASB 134 *Interim Financial Reporting and the Corporation Regulations 2001.*

Material Uncertainty Relating to Going Concern

We draw attention to Note 1(d)(ii) of the consolidated financial report which indicates that the Group has incurred a loss after tax in the half year from continuing operations of $2,031,170 (Dec 2018: $21,215,621 loss), has net current liabilities of $88,654 (June 2019: $6,834,480 net current assets) and has a deficit of liabilities over net tangible assets of $9,826,552 (June 2019: $3,342,385 surplus of net tangible assets over liabilities).

As stated in Note 1(d)(ii), these conditions and events along with other matters set forth in Note 1(d)(ii) indicate that a material uncertainty exists that may cast significant doubt about the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Director's Responsibility for the Half-Year Financial Report

The directors of Jatenergy Limited 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 controls as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatements, whether due to fraud or error.

INDEPENDENT AUDITOR'S REVIEW REPORT (CONTINUED)

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 an 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 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 31 December 2019 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 the Jatenergy Limited and controlled entities, 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.

Matters Relating to the Electronic Presentation of the Audited Financial Report

This review report relates to the financial report of the Jatenergy Limited and controlled entities for the half-year ended 31 December 2019 included on the website of Jatenergy Limited. The directors of the company are responsible for the integrity of the website and we have not been engaged to report on its integrity. This review report refers only to the half-year financial report identified above and it does not provide an opinion on any other information which may have been hyperlinked to or from the financial report. If users of this report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the reviewed financial report to confirm the information contained in this website version of the financial report.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

LNP Audit and Assurance Pty Ltd

Tony Rose
Director
Melbourne, 28 February 2020