JATCORP LIMITED

ABN 31 122 826 242

ASX Appendix 4D

RESULTS FOR ANNOUNCEMENT TO THE MARKET FOR THE SIX MONTHS ENDED 31 DECEMBER 2020

The following information should be read in conjunction with both the Financial Report and the year ended 30 June 2020 and the Interim Report for the half year ended 31 December 2020 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 2020 to 31 December 2020.

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

Results for announcement to the market

	31 December 2020		**31 December 2019**
Revenue from Ordinary activities for the period	\$13,490,661	**Down 56% from**	\$30,619,001
Net loss from the ordinary operating activities after tax	(2,494,640)	**Down 23% from**	(2,031,170)
Net loss from the ordinary operating activities after tax attributable to the members of the Parent	(3,006,643)	**Down 25% from**	(2,413,992)
Earnings per share (cents) - Basic	(0.30)	**No change**	(0.30)
Earnings per share (cents) - Dilutive	(0.25)	**Up 17% from**	(0.30)
Net Tangible assets per ordinary share - Basic	\$(0.008)	**Up 27% from**	\$(0.011)
Net Tangible assets per ordinary share - Dilutive	\$(0.007)	**Up 36% from**	\$(0.011)

Comments
The Group incurred a loss after tax attributable to members of \$2,494,640 for the six months to 31 December 2020 (31 December 2019: \$2,031,170 loss). The remainder of the information requiring disclosure to comply with ASX Listing Rule 4.2A.3 is contained in the attached financial report for the half year ended 31 December 2020.

Dividends
The parent company has not paid or proposed to pay any dividend during the period.

Details of Subsidiaries

On 18 December 2020, Jatcorp established a wholly owned subsidiary Hangzhou JAT Food Group CO., Ltd ('Hangzhou JAT') in China. Hangzhou JAT will conduct JAT's business operations in China for plant-based meat production and sales. Refer to Note 11 of the condensed financial report.

Dividends by subsidiaries

Sunnya Pty Limited paid a dividend of \$2,040,816. Jatcorp received 51% of that dividend, the remaining 49% was paid to the minority shareholders in Sunnya.

JATCORP LIMITED

ABN 31 122 826 242

ASX Appendix 4D

RESULTS FOR ANNOUNCEMENT TO THE MARKET FOR THE SIX MONTHS ENDED 31 DECEMBER 2020

Details of associates and joint venture entities

JAT Oppenheimer Pty Ltd and JWR International Limited.

Details of foreign entities

Wholly owned subsidiary Hangzhou JAT Food Group Co., Ltd was established in China on 18 December 2020.

Audit modified opinion, emphasis of matter or other matter

The accounts presented include an auditors' review report with a material uncertainty related to going concern.


JAT

CORPORATE DIRECTORY

Directors:	Mr. Wilton Yao *Managing Director* Mr. Brett Crowley *Non-Executive Chairman* Mr. Xin Sun (appointed on 20 August 2020) *Non-Executive Director*
Company Secretary:	Mr. Justyn Stedwell and Mr Brett Crowley
Registered Office:	Suite 306, 521 Toorak Road TOORAK VIC 3142 Phone: +61 03 9090 7592
Website:	www.jatcorp.com
Share Registry:	Automic Pty Ltd Level 5, 126 Philip Street Sydney NSW 2000 Phone: +61 2 9698 5414
Auditor:	LNP Audit and Assurance Pty Ltd Level 14, 309 Kent Street SYDNEY NSW 2000
Stock Exchange Listing:	Jatcorp Limited shares are listed on the Australian Securities Exchange (ASX) under JAT.

JATCORP LIMITED AND CONTROLLED ENTITIES

Financial Report for The Half Year Ended 31 December 2020

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JATCORP LIMITED AND CONTROLLED ENTITIES

FOR THE HALF YEAR ENDED 31 DECEMBER 2020

Directors' Report

Your Directors present their report on Jatcorp Limited ("JAT") and its controlled entities (the Group), for the half-year ended 31 December 2020.

Directors

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

- Mr Brett Crowley, Non-Executive Chairman
- Mr Xipeng Li, Non-Executive Director (resigned 21 August 2020)
- Mr Wilton Yao, Executive Managing Director
- Mr Sun Xin, Non-Executive Director (appointed 21 August 2020)

Review of Operations

The revenue of the Group has decreased during the current period to $13,490,661 (31 December 2019: $30,619,001). Decreased revenue was caused by COVID-19 lockdown, closed Daigou stores and paused flow of Chinese students and tourists into Australia. Despite the reduction of revenue, the Group's trading activities resulted in gross profit of $5,454,058 for the half year ended 31 December 2020 (31 December 2019: $7,299,261), and positive adjusted EBITDA $1,580,622 (31 December 2019: $3,482,480). The Group achieved positive cash inflow $1,128,361 from operating activities.

The consolidated loss after providing for income tax of the Group for the half-year ended 31 December 2020 amounted to $2,494,640 (31 December 2019: $2,031,170 loss). The net loss is mainly driven by the high fall in revenues, finance costs of $1,757,308, depreciation and amortisation costs of $1,528,305 and increased share-based payments of $668,333.

The following table summaries key financials

	31 December 2020 $	31 December 2019 $
Revenue	13,490,661	30,619,001
Gross Profit	5,454,058	7,299,261
Gross Profit %	40%	24%
EBITDA	1,825,914	982,480
EBITDA %	14%	3%
Adjusted EBITDA	1,580,621	3,482,480
Adjusted EBITDA %	12%	11%
Loss after tax	(2,494,640)	(2,031,170)
Net cash inflow in operating activities	1,128,361	741,714

JATCORP LIMITED AND CONTROLLED ENTITIES

FOR THE HALF YEAR ENDED 31 DECEMBER 2020

Directors' Report

Green Forest

- Green Forest's net sales during the reporting period fell to $4.9 million (31 December 2019 sales were $19.8 million). The reduction is caused by the decreased export sales to Hong Kong and closed local Daigou stores. Net loss at end of December is $0.255 million (31 December 2019 was $0.168 million loss).
- Green Forest focuses on developing and promoting in-house branded products. It is cutting overheads and improving gross margin to return to profitability.

Sunnya

- Sunnya's profit for the reporting period slightly dropped (31 December 2020 of $2.5 million vs. 31 December 2019 of $3.1 million) and sales decreased by $2.18 million (31 December 2020 $7.23 million vs. 31 December 2019 $9.41 million).
- COVID-19 lockdown has slowed down logistics, therefore it negatively impacted on Sunnya's export sales in the September 2020 quarter.
- Sunnya's sales and profitability have largely improved in the December 2020 quarter. This is due to lifting of lockdowns and season changes in China (in fall/winter season, consumers spend more on dairy products).

ANMA

- Victoria stage four lockdown from July to September had a dramatic impact on ANMA's production capacity. ANMA was enforced to reduce the shifts and labour on site to comply with the Victoria Government's restriction rules, therefore production was reduced in September quarter. From 20 October, ANMA was back to 2 shifts and sales increased in the December 2020 quarter.
- The work on the expansion of the ANMA facility in Melbourne has commenced and is expected to be completed in March 2021. The expansion will double ANMA's manufacturing capacity and importantly, will allow ANMA to produce a probiotics range of products.

JAT Managing Director Wilton Yao said:

"The results for the half-year ended 31 December 2020 were affected by COVID-19 lockdowns in Australia and internationally, which resulted in the closure of Daigou stores, lack of flow of international students and tourists into Australia and slowing of trade between China and Australia. These effects have deeply impacted JAT's sales during the December 2020 half year. Whilst the situation has improved, occasional lockdowns in China and Australia have still impacted operations and sales. A more complete recovery is expected sometime late this year when vaccinations are widespread and the Australian border is re-opened to overseas students and international tourists.

To meet this challenge, and considering the negative effect of tensions between Australia and China, the Board has taken necessary actions to manage under the difficult situation. JAT has moved part of its plant-based meat operation into China, appointed new contract manufacturing in New Zealand and other countries and signed agreements with Chinese state-owned companies and large private enterprises to improve the stability of the business operation. Meanwhile the Board is continuing to seek new business opportunities to increase the operational scale and sales revenues.

Directors' Report

The Board made the decision to focus on developing in-house brands which has increased the gross profit margin from 24% to 40% from the same period of the last year despite the drop in sales revenue due to the pandemic. This represents a very significant improvement which provides confidence that the Group will achieve a great cash positive position once the pandemic is over, and the market has returned to normal. The high gross profit margin also brought the group positive EBTIDA though the sales was down during the period.

Management has prudently chosen to invest in the development and production of high profit in-house brand products. This policy has achieved clear results, that is, whilst the overall group sales have been significantly affected due to the epidemic, the overall gross profit of the group has increased significantly. The Board believes that the Company's business development model is going in the right direction, and has full confidence in the Company's sales, especially profitability after the epidemic.

The Board will continue to improve the Group's capital structure. JAT can be expected to achieve a net profit after tax position once the finance charges are reduced."

China-located business

During the half-year ended 31 December 2020, JAT continued to implement its strategy of increasing the level of its operations based in China as well as arranging for the manufacture of its products in New Zealand, Japan, South Korea and China.

The following is a summary of the status of JAT's China business development achieved during the half-year:

1. **Establishment of wholly owned subsidiary:** JAT established a wholly owned subsidiary in China, Hangzhou JAT Food Group Co., Ltd (**Hangzhou JAT**). Hangzhou JAT will conduct JAT's business operations in China to the maximum extent possible, such as the plant-based meat production and sales.
2. **Funding of wholly owned subsidiary**: JAT intends to fund the operations of Hangzhou JAT by seeking equity investments from Chinese-based corporate investors who wish to obtain exposure to JAT's developing China business.
3. **Plant-based meats business:** JAT's joint venture company, JAT Oppenheimer Pty Ltd, has developed plant-based meat alternative products (**PBM**). In December 2020, JAT took a major step in its "get-to-market" strategy by entering into an agreement with the Shanghai Godly Group, one of China's largest state-owned vegetarian restaurant chains. The agreement represents a change in strategy in that JAT's PBM will be produced in China instead of being produced in Australia and being shipped to China. By producing the PBM in China, JAT will increase profit margins, reduce costs, avoid delays, mitigate political uncertainties and meet China's strict food hygiene code. Samples of JAT's PBM have been delivered to Shanghai Godley and JAT expects to be able to announce the commencement of production and distribution in 2021.
4. **Hangzhou Xiacheng:** Hangzhou JAT has entered a strategic cooperation agreement with a Chinese state-owned company, Hangzhou Xiacheng State-owned Asset Investment Holding Co., Ltd (**Hangzhou Xiacheng**). Hangzhou Xiacheng is owned by the People's Government of Xiacheng District. It is mainly engaged in industrial investment, equity investment and government industrial fund management. Hangzhou Xiacheng will provide services and support to Hangzhou JAT in the development of the plant-based meat and new nutritional foods and optimise the business environment and promote the upgrading and expansion of the industrial chain to create a favourable environment for Hangzhou JAT's business. The agreement also provides that Hangzhou is to consider an equity investment in a joint venture company with Hangzhou JAT. The amount and terms of the equity investment are subject to negotiation.

Directors' Report

5. **Beijing Lulukuan Trading Co., Ltd:** JAT has entered into a Sales Agency Agreement with Beijing Lulukuan Trading Co., Ltd (**Beijing Lulukuan**), a Beijing-based trading company. Beijing Lulukuan has arranged for the supply of JAT's products, including Ione Milk and, Moroka into Wumart and Jingkelong Supermarket Chain. Wumart Group is one of the biggest retailers in China and the largest supermarket chain in the Beijing-Tianjin-Hebei area. With more than 1,000 Wumart stores in North, East and North West China, Wumart is opening further stores in the north-eastern and southern regions of Beijing. Beijing Jingkelong Supermarket Chain is a Chinese supermarket chain headquartered in Chaoyang District, Beijing. It operates hundreds of retail outlets, including hypermarkets, supermarkets, convenience stores and shopping centres in Beijing and in Langfang, Hebei.
6. **Shanghai retail store:** The fit-out of JAT's first retail store in China, to be opened in Shanghai, has begun and it is expected the store will be open for trading in March 2021. The 50sqm store will be branded **JATCORP Maternity & Infant Boutique** and located next to the Sinopharm pharmacy, which is expected to drive significant consumer traffic to the JAT store. A primary purpose of opening the store is to establish JAT's image in the Chinese market, promote JAT's products and expand the influence of the Company's products in China. If the Shanghai store is successful, JAT intends to open further stores in Shanghai and other cities in China.
7. **Online China sales platform:** The establishment of the Shanghai store will assist in driving consumers to JAT's online China sales platform to be established and operated by JAT's Chinese subsidiary, Hangzhou JAT - see ASX announcement 23 December 2020).
8. **Suning Group:** JAT has entered into a distribution agreement with the Suning Group. Under the agreement, Suning will distribute Australian products including JAT's in-house brands in mainland China on a non-exclusive basis. Suning has recently approved JAT's in-house brand products to be sold to Chinese consumers through its sales networks in China.

JAT and the University of Sydney's antiviral food supplement research

JAT has provided additional products to the University of Sydney to develop a food supplement with potential antiviral properties. An optimum product formula is expected to be determined by the University in March or April 2021, with production to commence shortly thereafter.

Nightingale PS Pty Ltd

JAT entered into a 10-year, non-exclusive, sales agreement with Nightingale, focused on placing goods with the major supermarket and pharmacy chains in Australia and the UK. Nightingale will use its networks to sell the current JAT products, and all future products developed by JAT, to its customers in Australia. The next step is intended to be the expansion of the JAT sales network to Nightingale's clients in the UK and to other markets outside of China.

New Products

JAT successfully developed the first A2 Ejiao Protein Powder. Ejiao related products are sold extensively in China and South East Asian countries and is believed by consumers to improve blood circulation with the result that it is beneficial to people with anaemia, low blood cell count or reproductive problems. The A2 Ejiao Protein Powder it is a special formula developed by JAT which organically combines the traditional Ejiao raw materials with modern A2 protein, which not only retains the traditional functions of Ejiao, but also adds A2 protein that promotes human health. A2 Ejiao Protein Powder is being manufactured at JAT's ANMA manufacturing plant in Melbourne. This has been possible due to the expansion of the facilities and the installation of new equipment. The A2 Ejiao Protein Powder will be ready for the market by April 2021.

Directors' Report

South Korea expansion

ANMA is now approved by the South Korean regulatory authority, KFDA, for exporting its dairy based nutritional products into the South Korean market. The first sample order of Jinvigorate Diabetics Formula has been placed by a South Korean distributor to be presented to South Korean pharmacies.

Corporate

Convertible Notes

On 8 July 2020, JAT issued 2,771,600 convertible note and 49,000,000 collateral shares to Obsidian Global GP, LLC. During the half-year ended 31 December 2020, JAT received conversion notices in respect of a total of 1,050,000 Convertible Notes with a face value of US$1.20 per Convertible Note. Upon conversion of the 825,000 Convertible Notes, 65,542,716 ordinary shares in the Company were issued to Obsidian Global GP, LLC at deemed issue prices between AU$0.0194-$0.0258. The conversion of 225,000 of the Convertible Notes to 15,353,426 shares was satisfied by the reduction of Collateral Shares held by Obsidian Global GP, LLC.

Following the Company's capital raising in January 2021 a total of 1,671,600 notes are convertible at the lower of 1.9 cents and a 5% discount to VWAP.

Appointment and resignation of Directors

As announced in August 2020, Mr Sun Xin was appointed a director of JAT. Mr Sun is Managing Director of Guangdong RYS Investment Ltd, a midmarket private equity buyout firm with a focus on mainland China. He has also worked for a number of securities firms including CDB Securities Ltd. Mr Sun is a Representative Sponsor of the China Securities Regulatory Commission. His appointment coincided with the resignation of Mr Xipeng Li as a Director, who helped develop JAT's business and contacts in China.

Share buy-back

As announced in July 2020, JAT completed a share buy-back after gaining shareholder approval at a general meeting on 18 June 2020. The buy-back was of 7,361,900 ordinary shares issued to shareholders as a result of a systems error as part of a December 2017 Share Purchase Plan. There are a number of shareholders who have not yet entered into buy-back agreements, and JAT will continue to take appropriate action against those shareholders, including court proceedings to seek orders for cancellation of those shares.

Outlook

A. Operations

Jatcorp is at the forefront of innovative technology servicing the world's largest retail markets. With a track record of successful product development and patented technology, Jatcorp is a leading producer of dairy products, plant-based meats, clinical skin care and other retail lines.

JAT's management is focused on technology as the core and innovation as the driving force to seek new development opportunities for the Group.

Directors' Report

In the second half of the 2021 financial year, the Company expects JAT's plant-based meat production to commence in China to supply Shanghai Godly and others. The Company is also in discussions with an experienced distributor for exporting Jat Oppenheimer's plant-based meats to Japanese food service groups and retailers.

Once the ANMA expansion is completed shortly, the production capacity will be increased significantly, especially the probiotic production line. This will provide a great opportunity for the Company to develop new innovative health products to meet consumers' needs.

JAT continues to work together with The University of Sydney for developing antiviral products. This R&D project with strong scientific and technological support will bring direct benefits to people's daily healthy life, so it is of great significance to the JAT's future development and market position.

JAT's first China based retail store expects to be ready for operation in March 2021. Other than this off-line operation, JAT is preparing the registration for establishing an on-line store on major Chinese e-commence platforms to sell JAT's in house products direct to Chinese consumers. Once the on-line and off-line operations in place JAT will establish a complete sales network in China.

JAT's Hong Kong based JV has successfully developed its first clinical skincare product and has presented it to Chinese consumers through the third CIIE Exhibition in Shanghai in November 2020 and by Chinese CCTV. The JV has applied for CFDA approval for the first product and expects to be approved in the middle of 2021. Once approved, the product can be sold through all major department stores, specialty cosmetics retailers.

JAT's innovative dairy products, oriental style plant-based meats and clinical skincare products are very dependent on the application and development of science and technology. Technology is changing people's daily lives. JAT will pay close attention to the impact of scientific and technological development on people's lives and will develop related products or provide corresponding services to the consumers.

E-commerce is now widely accepted by businesses and consumers. JAT will continue to expand the promotion and sales of its products in the e-commerce platform, and will use the e-commerce platform to expand new types of products.

B. Finance

JAT is focusing on improving the capital structure and in particular to reduce the level of interest bearing debt. The Company is seeking either equity investment or low-cost debt to replace the current high interest loans. The Board believes JAT will have solid profit once the high interest payments are significantly reduced.

Dividends

No dividend has been declared or paid by Jatcorp (Parent company) during the half year ended 31 December 2020.

Significant Events since Balance Sheet Date

<u>Placement</u>

The Company announced on 22 January 2021 that the Company has received applications to raise $2.8 million (before costs) through the issue of 148,817,781 fully paid ordinary JAT shares under a placement to sophisticated and professional investors at an issue price of A$0.019 per share. $2.8 million fund has been received by the Company in January 2021 and 148,817,781 units of shares have been issued on 29 January 2021.

Directors' Report

Significant Events since Balance Sheet Date (continued)

Placement (continued)

Everblu Capital Pty Limited '(Everblu') acted as lead manager to the Placement. Everblu will be paid a lead manager fee of 6% of funds raised and, subject to shareholder approval, 10 million options to subscribe for JAT ordinary shares at an exercise price of 6 cents per share and an expiry date of 29 January 2023.

The shareholder meetings to approve the grant of 10 million options to Everblu and the issue of 10 million shares to Brett Crowley have not been scheduled as at the reporting date.

Convertible Note

Since 31 December 2020, the Group has converted a total of 1,671,600 convertible notes. The remaining number of Convertible notes following conversions is 50,000.

Date of conversion	Units of convertible note	Conversion price	FX rate	Units issued
22 January 2021	125,000	$0.0190	0.7771	10,159,229
5 February 2021	200,000	$0.7652	0.7652	16,507,552
9 February 2021	600,000	$0.0181	0.7727	51,623,135
15 February 2021	375,000	$0.0181	0.7782	32,036,428
24 February 2021	371,600	$0.0190	0.7754	30,267,570

Apart from the above, no other 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 8.

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

Brett Crowley

Director

Dated 26 February 2021

LNP Audit + Assurance

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

As lead auditor of Jatcorp Limited for the half-year ended 31 December 2020, 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 audit; and

2. no contraventions of any applicable code of professional conduct in relation to the audit.

LNP Audit and Assurance Pty Ltd

Anthony Rose
Director

Melbourne, 26 February 2021

CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 31 DECEMBER 2020

	Note	31 December 2020 $	31 December 2019 $
Revenue		**13,490,661**	30,619,001
Cost of Sales		**(8,036,603)**	(23,319,740)
Gross Profit		**5,454,058**	7,299,261
Other Income		**766,829**	407,387
Administration Expenses		**(2,523,225)**	(2,548,652)
Other Expenses		**(1,203,415)**	(1,675,516)
Finance Costs	14	**(1,757,308)**	(739,579)
Share Based Payments	6	**(668,333)**	-
Depreciation & Amortisation		**(1,528,305)**	(944,106)
Impairment Loss		**-**	(2,500,000)
Loss Before Income tax		**(1,459,699)**	(701,205)
Income Tax Expense		**(1,034,941)**	(1,329,965)
Total Comprehensive Loss for the period		**(2,494,640)**	(2,031,170)
Loss attributable to:			
- Members of parent entity		**(3,006,643)**	(2,413,992)
- Non-controlling interest		**512,003**	382,822
		(2,494,640)	(2,031,170)
Loss per share for loss attributable to the ordinary equity holders of the company		**Cents**	**Cents**
Basic loss per share		**(0.30)**	(0.30)
Diluted loss per share		**(0.25)**	(0.30)

These financial statements should be viewed with the accompanying notes

CONDENSED STATEMENT OF FINANCIAL POSITION AS AT HALF YEAR ENDED 31 DECEMBER 2020

	Note	31 December 2020 $	30 June 2020 $
CURRENT ASSETS			
Cash & Cash Equivalents		**7,142,120**	11,419,725
Trade and Other Receivables		**4,264,841**	6,482,872
Inventory		**4,290,478**	4,596,492
Financial Assets		**90,897**	129,167
TOTAL CURRENT ASSETS		**15,788,336**	22,628,256
NON-CURRENT ASSETS			
Property, Plant and Equipment		**4,739,727**	3,550,139
Trade and Other Receivables		**31,625**	-
Right of Use Asset	8	**4,360,434**	5,049,165
Investment in Joint Ventures		**523,895**	523,247
Intangible Assets	5	**25,377,583**	26,542,383
TOTAL NON-CURRENT ASSETS		**35,033,264**	35,664,934
TOTAL ASSETS		**50,821,600**	58,293,190
CURRENT LIABILITIES			
Trade and Other Payable		**4,904,428**	7,413,007
Borrowings	7	**15,062,226**	12,592,508
Lease Liabilities		**389,084**	441,817
Tax Liabilities		**2,845,327**	2,182,761
Provision		**209,901**	168,526
TOTAL CURRENT LIABILITIES		**23,410,966**	22,798,619
NON-CURRENT LIABILITIES			
Borrowings	7	**1,504,463**	7,467,033
Lease Liabilities		**4,256,893**	4,883,789
Deferred Tax Liabilities		**5,117,460**	5,117,460
TOTAL NON-CURRENT LIABILITIES		**10,878,816**	17,468,282
TOTAL LIABILITIES		**34,289,782**	40,266,901
NET ASSETS		**16,531,818**	18,026,289
EQUITY			
Contributed Equity	4	**67,336,110**	63,977,915
Unissued Shares		**-**	320,175
Share Option reserve	6	**400,000**	-
Collateral Share Reserve	13	**(1,437,851)**	-
Accumulated Losses		**(60,871,217)**	(57,864,574)
Total Parent Equity		**5,427,042**	6,433,516
Non-controlling Interests		**11,104,776**	11,592,773
TOTAL EQUITY		**16,531,818**	18,026,289

These financial statements should be viewed with the accompanying notes

CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 31 DECEMBER 2020

	Contributed Equity	Non-Controlling Interest	Accumulated losses	Unissued Shares	Share Option Reserve	Collateral Share Reserve	Total
	$	$	$	$	$	$	$
Balance 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 year net of cost	5,671,870	-	-	-	-	-	5,671,870
Recognition of Non-controlling Interests	-	6,941,465	-	-	-	-	6,941,465
Balance at 31 December 2019	**63,227,875**	**20,968,652**	**(42,681,585)**	-	-	-	**41,514,942**
Balance at 1 July 2020	**63,977,915**	**11,592,773**	**(57,864,574)**	**320,175**	-	-	**18,026,289**
Profit/(Loss) for the period	-	512,003	(3,006,643)	-	-	-	(2,494,640)
Dividend declared by Subsidiaries	-	(1,000,000)	-	-	-	-	(1,000,000)
Shares issued during the year net of cost	3,358,195	-	-	-	-	-	3,358,195
Derecognition of unissued Shares	-	-	-	(320,175)	-	-	(320,175)
Share Options	-	-	-	-	400,000	-	400,000
Collateral Share Reserve	-	-	-	-		(1,437,851)	(1,437,851)
Balance at 31 December 2020	**67,336,110**	**11,104,776**	**(60,871,217)**	**-**	**400,000**	**(1,437,851)**	**16,531,818**

These financial statements should be viewed with the accompanying notes

CONDENSED STATEMENT OF CASH FLOWS FOR THE HALF YEAR ENDED 31 DECEMBER 2020

	31 December 2020 $	31 December 2019 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	**16,710,383**	33,689,462
Payments to suppliers and employees	**(14,676,415)**	(31,378,941)
Interest received	**1,400**	152,879
Interest paid	**(957,308)**	(656,618)
Income taxes paid	**(372,376)**	(1,065,068)
Government grants and tax incentives	**422,677**	-
Net cash inflow in operating activities	**1,128,361**	741,714
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment	**(1,258,602)**	(857,160)
Payments for the acquisition of controlled entities	**(700,574)**	(4,000,000)
Payments for investment in joint ventures	**(648)**	(500,000)
Net cash (outflow) from investing activities	**(1,959,824)**	(5,357,160)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds received for unissued shares	**-**	504,097
Proceeds from borrowings	**839,992**	4,746,564
Repayment of borrowings	**(3,286,134)**	(40,964)
Dividends paid by Subsidiaries	**(1,000,000)**	(1,208,660)
Net cash (outflow) / inflow in finance activities	**(3,446,142)**	4,001,037
Net decrease in cash and cash equivalents	**(4,277,605)**	(614,409)
Cash and cash equivalents at the beginning of the period	**11,419,725**	7,844,671
Cash and cash equivalents at the end of the period	**7,142,120**	7,230,262

Notes to the Condensed Consolidated financial statements

Corporate Information

Jatcorp Limited is a public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is Suite 306, 521 Toorak Road, Toorak VIC 3142.

The financial report for the half year ended 31 December 2020 relates to Jatcorp 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 26 February 2021.

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 2020 and any public announcements made during the half year to 31 December 2020 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 2020.

Note 1 Significant Accounting Policies

(a) Intangible assets

(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.

Note 1 Significant Accounting Policies

(a) Intangible (continued)

(i) Goodwill (continued)

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.

(ii) Trade name and customer relationships

Trade name and customer relationships have a finite life and are carried at cost less any accumulated amortisation and impairment losses. Tradename has an estimated useful life of ten years and customer relationship have 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 Licence

Import Licence has a finite life and is carried at cost less any accumulated amortisation and impairment losses. Import Licence 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.

(b) 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).

Intangible assets of $25,377,583 (June 2020: $26,542,383) have been recognised in the financial statements. The Group has considered the estimated useful lives of the intangible assets which are amortised and has carefully reviewed all intangible assets for indications of impairment.

(ii) Recoverability of deposits paid to suppliers

As at 31 December 2020, the Group hold $1,826,126 deposits with its suppliers for the purpose of purchasing raw materials and equipment ($1,613,125) and deposit held with its trading business partner ($212,991). Management has assessed its recoverability and believes that the goods will be received within the required time frame and that deposits held with trading business partner will be returned if the business relationship discontinued in the future.

Note 1 Significant Accounting Policies

(b) Critical Accounting Estimates and Judgements (continued)

(iii) Going Concern

The financial statements have been prepared on a going concern basis. The Group has incurred a loss after tax in the half year from continuing operations of $2,494,640 (December 2019: $2,031,170 loss), which is mainly driven by non-cash expenses such as depreciation and amortisation totaling $1,528,305 and high finance costs of $1,757,308. At 31 December 2020, the Group has net current liabilities of $7,622,630 (June 2020: $170,363 net current liabilities) and has a deficit of liabilities over net tangible assets of $8,845,765 (June 2020: $8,516,094 deficit liability over net tangible assets). The excess liabilities are caused by the debts incurred and convertible notes issued for funding acquisition of ANMA and cash used for ANMA's expansion and purchasing new machines.

The Directors believe that the going concern basis of preparation is appropriate due to: the Group having cash balances of $7,142,120 (June 2020: $11,419,725); the Group having positive cash flows from operating activities for the half year of $1,128,361 (December 2019: $741,714 inflow); the Group has converted 1,050,000 units of convertible notes to shares during the period and based on recent history of raising capital the Group expects to be able to raise more capital; the Group has ability to extend the maturity date on existing loan agreements if it is required; the Group is expecting continuing growth in revenue through expansion in the Australian and Chinese Markets 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 that the Group 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.

(c) Segment reporting

The Group has six geographic segments: Australia, New Zealand, China, South Korea, and Taiwan. 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 an d resources. The measurement policies the Group uses for segment reporting under AASB 8 are the same as those used in its financial statements.

(d) 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 2020 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 2020. The Group is committed to pay $427,357 for ANMA factory's expansion.

As at 31 December 2020, JAT is committed to issue ordinary shares to the extent of $487,685 to an existing convertible note holder however the exact number of ordinary shares units cannot be determined at this point in time. JAT is also commitment to issue the remaining 11,000,000 collateral shares required by the Convertible Note securities agreement to the Investor upon request.

Note 3 Significant Events since Balance Sheet Date

Placement

The Company announced on 22 January 2021 that the Company has received applications to raise $2.8 million (before costs) through the issue of 148,817,781 fully paid ordinary JAT shares under a placement to sophisticated and professional investors at an issue price of A$0.019 per share. $2.8 million fund has been received by the Company in January 2021 and 148,817,781 units of shares have been issued on 29 January 2021.

Everblu Capital Pty Limited ('Everblu') acted as lead manager to the Placement. Everblu will be paid a lead manager fee of 6% of funds raised and, subject to shareholder approval, 10 million options to subscribe for JAT ordinary shares at an exercise price of 6 cents per share and an expiry date of 29 January 2023.

The shareholder meetings to approve the grant of 10 million options to Everblu and the issue of 10 million shares to Brett Crowley have not been scheduled as at the reporting date.

Convertible Note

Since 31 December 2020, the Group has converted a total of 1,671,600 convertible notes. The remaining number of Convertible notes following conversions is 50,000.

Date of conversion	Units of convertible note	Conversion price	FX rate	Units issued
22 January 2021	125,000	$0.0190	0.7771	10,159,229
5 February 2021	200,000	$0.7652	0.7652	16,507,552
9 February 2021	600,000	$0.0181	0.7727	51,623,135
15 February 2021	375,000	$0.0181	0.7782	32,036,428
24 February 2021	371,600	$0.0190	0.7754	30,267,570

Apart from the above, no other 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.

Note 4 Contributed Equity

(a) Share capital	As at 31 December 2020	As at 30 June 2020
	$	$
Ordinary Shares		
Fully paid shares	67,336,110	63,977,915

(b)	As at 31 December 2020	As at 30 June 2020	As at 31 December 2020	As at 30 June 2020
	$	$	No.	No.
Movements in Ordinary Share Capital				
Balance at the beginning of year	**63,977,915**	**57,556,005**	**934,548,092**	**798,486,181**
October 2019 (Shares issued for the $474,300 received in FY19) @6 cents		474,300		7,905,000
October 2019 Shares Issued for Investment in ANMA of $2million @ 5.48 cents		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 @5 cents		504,097		10,081,935
January 2020 (Shares issued to Chris Pang @ 5 cents)		500,000		10,000,000
January 2020 (Shares issued for $250,040)		250,040		5,000,800
July 2020 Collateral shares allotment to Obsidian Global @3.7 cents	1,813,000		49,000,000	
July 2020 Share allotment to Anglo Menda @5 cents	200,000		4,000,000	
Cancellation of S3,500,000 shares	-		(3,500,000)	
August 2020 conversion of 125,000 notes to 8,070,452 to share @ $0.0258	208,218		8,070,452	
October 2020 conversion of 125,000 notes to 10,074,783 shares @ $0.02087	210,260		10,074,783	
November 2020 conversion of 125,000 notes to 10,248,227 shares @ $0.01999	204,862		10,248,227	
11 December 2020 conversion of 200,000 notes to 16,563,634 shares @ $0.01947	322,494		16,563,634	
17th December 2020 conversion of 250,000 notes to 20,585,620 shares @ $0.01940	399,361		20,585,620	
Balance at the end of period	**67,336,110**	**63,977,915**	**1,049,590,808**	**934,548,092**

Note 5 Intangible Assets

	As at 31 December 2020	As at 30 June 2020
	$	$
Goodwill	11,902,162	11,902,162
Tradename	494,283	553,983
Amortisation	(29,850)	(59,700)
Carrying value	464,433	494,283
Customer relationships	1,792,663	2,358,663
Amortisation	(283,000)	(566,000)
Carrying value	1,509,663	1,792,663
Import Licence	12,353,275	13,631,200
Amortisation	(851,950)	(1,277,925)
Carrying value	11,501,325	12,353,275
Total intangible assets	**25,377,583**	**26,542,383**

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.

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.

Sunnya

Goodwill of $11,902,162, trade name of $464,433 and customer relationship of $516,978 have been assessed by the Board of Directors as not requiring any impairment during the current reporting period.

ANMA

Import licence represents the CNCA (Certification and Accreditation Administration of the People's Republic of China) licence that ANMA currently holds. Currently ANMA is in the process of commissioning new equipment and clean room which is expected to increase production capacity in the near future. Board of Directors has assessed the carrying value based on current situation and future expectation and as such, no impairment loss during the current reporting period.

Note 6 Share Based Payments

	31 December 2020	31 December 2019
	$	$
Shares issued to Chris Pang for the provision of service promoting Jatcorp's products as brand ambassador	268,333	-
4,000,000 share options @ A$0.10 granted to Everblu/Anglo Menda Pty Ltd for $4,000,000 convertible notes raised	400,000	-
Total share-based payments	**668,333**	-

Note 7 Financial Liabilities

	As at 31 Dec 2020	As at 30 June 2020
	$	$
Current		
Loans from shareholders (interest rate 0%)	1,274,000	1,274,000
Loans from directors (interest rate 0%)	174,895	27,529
Loan from Topwei Two Pty Ltd (interest rate 13%) (b)	5,000,000	5,000,000
Loan from Topwei Two Pty Ltd (interest rate 20%) (c)	5,000,000	-
Loan from Topwei Two Pty Ltd (interest rate 0%)	770,000	2,250,000
Convertible Notes from Obsidian (interest rate 0%) (a)	2,816,433	4,000,000
HP Liability (interest rate between 5% to 6%)	26,898	40,979
Total	**15,062,226**	**12,592,508**

	As at 31 Dec 2020	As at 30 June 2020
Non-current		
Loans from shareholders (interest 15%) (d)	1,343,555	2,300,000
Loan from Topwei Two Pty Ltd (interest rate 20%) (c)	5,000,000	5,000,000
HP Liability (interest rate between 5% to 6%)	160,908	167,033
Total	**1,504,463**	**7,467,033**

(a) During the period, the Group has converted 1,050,000 convertible notes with remaining 1,721,600 notes to be converted in the future.

(b) Loan from Topwei Two Pty Ltd with interest rate of 13% is repayable on January 2021. On 10 February 2021, $1,000,000 was repaid and the loan has been extended up to 8 May 2022.

(c) Loan from Topwei Two Pty Ltd with interest rate of 20% has been reclassified from non-current liabilities into current liabilities in the current period. The loan is repayable in September 2021.

(d) Loans from shareholders – an agreement in place between the Company and its non-controlling interest shareholder which states that the loan is not required to be repaid in full until the Company makes profits and has sufficient cash reserve.

Note 8 Right of Use Assets

	As at 31 December 2020	As at 30 June 2020
	$	$
Carrying amount at the beginning of the period	**5,049,165**	**1,254,876**
Asset acquired during the period	-	4,268,502
Add: new lease entered into	416,311	-
Less:		
-depreciation	(294,862)	(474,213)
-early terminated lease	(806,640)	-
-adjustments	(3,540)	-
	4,360,434	**5,049,165**

Green Forest terminated its existing warehouse lease on 8 November 2020 and move into a new premises on 15 November 2020.

Note 9 Dividends

No dividends were paid or declared by the parent company Jatcorp Limited during the period.

During the period Sunnya Pty Ltd paid $2,040,816 fully franked dividend of which $1,000,000 was paid to non-controlling interests.

Note 10 Key Management Personnel remuneration

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

	31 December 2020	31 December 2019
	$	$
Short term benefits	204,000	897,463
Total	**204,000**	**897,463**

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

Note 11 Controlled Entities

Subsidiaries of Jatcorp which are consolidated	Country of incorporation / Place of business	Percentage owned (%)*		Percentage owned by non-controlling interest (%)*	
		Dec-20	Dec-19	Dec-20	Dec-19
		%	%	%	%
Golden Koala Group Pty Ltd	Australia	51	51	49	49
Green Forest International Pty Ltd	Australia	50	50	50	50
Sunnya Pty Ltd	Australia	51	51	49	49
Jatpharm Pty Ltd	Australia	55	55	45	45
Australian Natural Milk Association Pty Ltd	Australia	65	65	35	35
Hangzhou JAT Food Group Co., Ltd	China	100	-	-	-

* Percentage of voting power is in proportion to ownership.
Jatpharm Pty Ltd and JAT Hangzhou did not carry out any business activity during the period.

Note 12 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, New Zealand and other Asia Pacific countries (South Korea and Taiwan).

	Australia	China	New Zealand	Other Asia Pacific	Total
	$	$	$	$	$
Revenue and other income	5,012,101	9,003,003	54,148	188,238	14,257,490
Expense	(10,563,924)	(3,004,909)	(387,318)	(3,730)	(13,959,881)
Finance Cost	(1,757,308)	-	-	-	(1,757,308)
Income tax expense	(1,034,941)	-	-	-	(1,034,941)
Profit/(loss) after income tax	**(8,344,071)**	**5,998,094**	**(333,170)**	**184,508**	**(2,494,640)**
Total Assets	47,124,368	4,326,168	124,277	4,563	51,579,376
Total Liabilities	(34,943,932)	(103,626)	-	-	(35,047,558)
Net Assets	**12,180,436**	**4,222,542**	**124,277**	**4,563**	**16,531,818**

Note 13 Collateral Share Reserve

The company has entered into an agreement in relation to a convertible note facility with Obsidian Global GP LLC with a subscription price of up to AU$4,000,000 dated 22 April 2020. Under the Convertible Securities Agreement, the company issued 2,771,600 convertible securities with a face value of US$1.2 securities raising AU$4,000,000 before costs. As a result, $800,000 has been recognised as a funding cost to the Group at issue date.

On 8 July 2020, the company has issued 49,000,000 ordinary fully paid shares (‘collateral shares’) out of required 60,000,000 shares, as security for the Company’s obligation under the Convertible Securities Agreement.
During the period, the Group has received 2 convertible notice whereby the Investor has elected to reduce the collateral shareholding number by the corresponding number of shares attached to the Convertible notice. The total number of units reduced as a result was 15,353,426. As at 31 December 2020, total number of collateral shares on remaining was 33,646,574.

At the end of the agreement, if the collateral shareholding number is greater than zero, the investor must transfer the number of shares to the Group for nominal consideration.

Note 14 Finance Costs

The following finance costs incurred during the reporting period:

	31 December 2020	31 December 2019
	$	$
Interest Expense on $5 M Loan $5M @20% interest rate	500,000	333,333
Interest Expense on $5 M Loan $5M @13% interest rate	325,000	-
Interest Expense on Shareholder Loan @ 15% interest rate	1,911	300,822
Other interest expense	5,682	9,586
Funding costs - Convertible Note (Note 13)	800,000	-
Interest expense - Leases	124,715	95,838
Total	**1,757,308**	**739,579**

Note 15 Earnings Per Share

Loss attributable to the ordinary equity holders of the Company used in calculating basic and diluted earnings per share was $3,006,643 loss.

Weighted average number of shares used as the denominator

	31 December 2020	31 December 2019
	Number	Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**996,694,144**	813,204,286
Adjustments for calculation of diluted earnings per share:		
- Options (a)	**4,000,000**	-
- Convertible notes (b)	**205,657,476**	-
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	**1,206,351,620**	813,204,286

(a) 4,000,000 Options was granted to Everblu for the services performed in convertible note raising are considered to be potential ordinary shares. The option is due to expire on 8 July 2022 at an exercise price of $0.10. The options have not been included in the determination of basic earnings per share.

(b) Convertible notes issued but not converted during the period are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share at reporting date. The notes have not been included in the determination of basic earnings per share.

DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 9 to 22, 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 2020 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

Director

Dated this 26 day of February 2021

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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF JATCORP LIMITED

REPORT ON THE HALF-YEAR FINANCIAL REPORT

Conclusion

We have reviewed the half-year financial report of Jatcorp Limited and controlled entities (the Group), which comprises condensed consolidated statement of financial position as at 31 December 2020, condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the Directors' Declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Group's does not comply with the *Corporation Act 2001* including:

(a) giving a true and fair view of the Group's financial position as at 31 December 2020 and of its financial performance for the half-year ended on that date; and

(b) complying with Australian Accounting Standards 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of Financial Report Performance by the Independent Auditor of the Entity.* Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES110 *Code of Ethics for Professional Accountants* (including Independence Standards) (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1(b)(iii) in the financial report which indicates that the Group has incurred a loss after tax in the half year from continuing operations of $2,494,640 (December 2019: $2,031,170 loss), has net current liabilities of $7,622,630 (June 2020: $170,363 net current liabilities) and has excess of liabilities over net tangible assets of $8,845,765 (June 2020: excess of liabilities over net tangible assets of $8,516,094). As stated in Note 1(b)(iii) these events or conditions, along with other matters set out in Note 1(b)(iii), indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

INDEPENDENT AUDITOR'S REVIEW REPORT (Continued)

Responsibility of the Directors for the half year Financial Report

The Directors of Jatcorp 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 internal control as the Directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the half year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2020 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*.

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.

LNP Audit and Assurance Pty Ltd

Antony Rose
Director
Melbourne, 26 February 2021