Aumake Limited
ACN 150 110 017

Annual Report
30 June 2021

aûmake

ACN

ACN 150 110 017

Directors

Keong Chan
Executive Chairman

Jiahua (Joshua) Zhou
Managing Director

Jacky Yang
Executive Director

Quentin Flannery
Non-Executive Director

Company secretary

Lisa Wynne

Registered office

Suite 1.01, 22–36 Mountain Street
Ultimo, NSW 2007, Australia

Principal place of business

Suite 1.01, 22–36 Mountain Street
Ultimo, NSW 2007, Australia

Share register

Computershare Investor
Services Pty Ltd
Level 11, 172 St Georges Terrace
Perth, WA 6000
Telephone: +61 (08) 9323 2000

Auditor

RSM Australia Partners
Level 32, Exchange Tower,
2 The Esplanade
Perth WA 6000

Solicitors

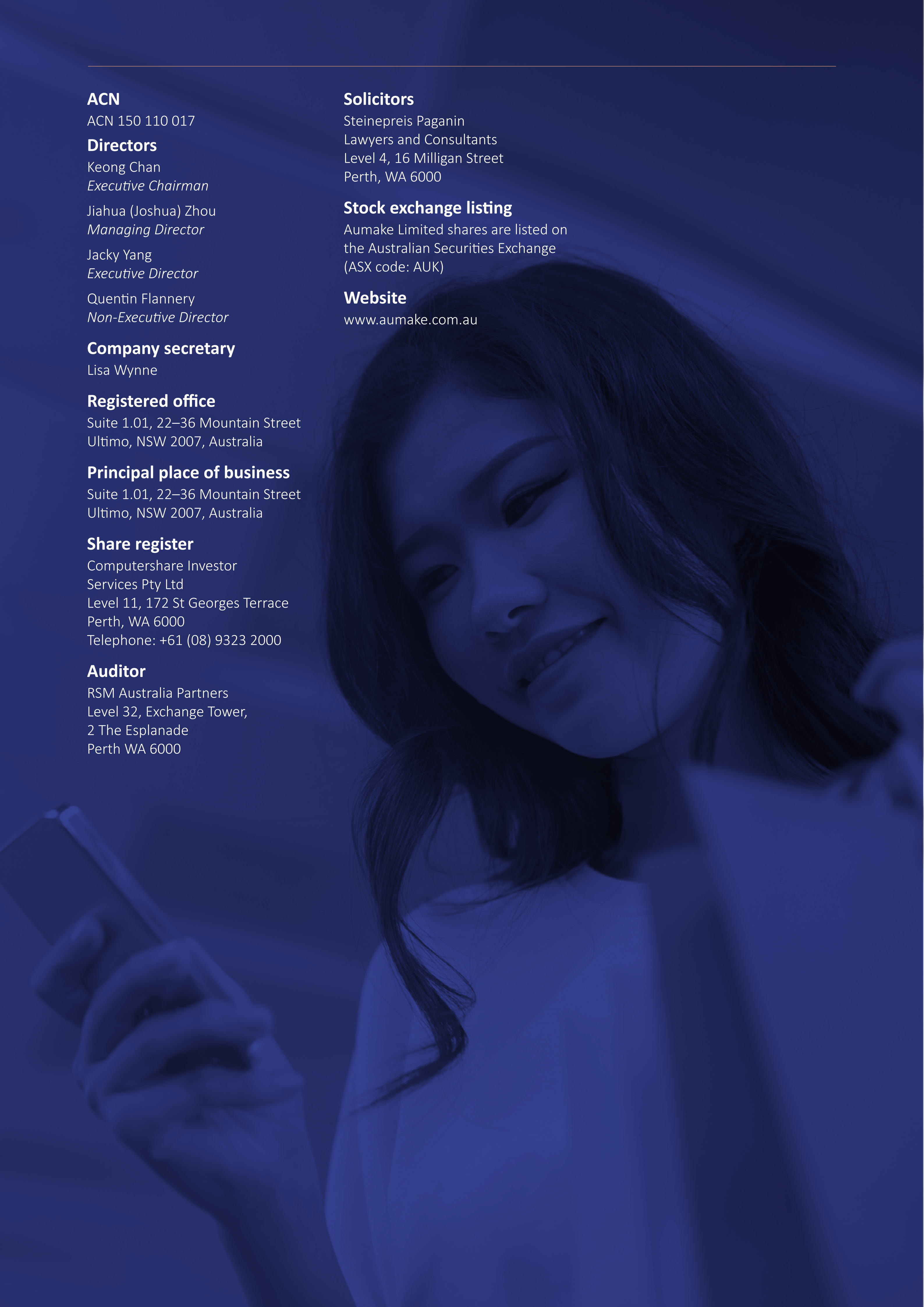
Steinepreis Paganin
Lawyers and Consultants
Level 4, 16 Milligan Street
Perth, WA 6000

Stock exchange listing

Aumake Limited shares are listed on
the Australian Securities Exchange
(ASX code: AUK)

Website

www.aumake.com.au



Aumake Limited (ASX: AUK) operates an online social e-commerce platform that directly connects influencers with high-quality and authentic Australian and New Zealand brands. It offers end-to-end customer service and a comprehensive product range – all on one integrated platform.

Chairman's letter

Transitioning to an Online Influencer-based Marketplace.

Dear Shareholders,

The 2021 financial year (FY21) was pivotal for Aumake. Despite the operating challenges due to the ongoing COVID-19 pandemic and Australian and New Zealand border restrictions, which weighed on our overall financial performance, underlying demand for premium Australian and New Zealand brands remains strong with Chinese consumers. The disruptions of the past year have provided Aumake with an opportunity to accelerate the development of our online platform and shift our business model from a predominately bricks-and-mortar business to an online influencer-based marketplace. The transition was a natural evolution for the Company, leveraging Aumake's trusted Australian and New Zealand brand relationships and Asian influencer social networks. As a result, in FY21, we divested a number of physical stores, increased technology development, renewed efforts to attract new products and brands offered on the platform and substantially grew our online active user influencer base.

Aumake's reenergized business strategy is taking the right steps toward revenue growth and expanded market share in FY22. Establishing the online marketplace has been several years in the making – accelerated by the pandemic, but we remain excited by the opportunities for continued demand for Australian and New Zealand products in the Chinese market.

E-commerce Marketplace Launch

In October 2020, we launched Australia's first culturally aligned social e-commerce marketplace, connecting a sales force of Asian influencers with Australian and New Zealand brands. Our scalable contemporary online marketplace aligns with the changing dynamics of the Asian market, where consumers want to discover and buy top-tier products based on recommendations from their social network. For Australian and New Zealand brands, it provides a disruptive new way to build brand awareness, promote and sell their products in China, cost-effectively leveraging the social networks of Asian influencers.

Much like Western influencers on Instagram and Facebook, Asian influencers are considered a trusted source on the quality of new brands and products. The key differentiator in China is that influencers are not limited to celebrities with large followings, one-click sharing functionality has enabled anyone with a social network and mobile phone to become an influencer. At the heart of our e-commerce platform is a unique and growing selection of premium Australian and New Zealand brands and products. Major brand names include A2 Milk, Blackmores, Aesop and Brookfarm. We continually look to identify brands that resonate with Asian consumers by utilising market insight data and feedback from platform users and top influencers.

Online Growth Strategy

Since the launch of our social e-commerce marketplace, more than 35,000 active users have registered through the platform with around 85% of these users being China-based consumers. Of our active users, 30% have made a purchase with 60% of these being repeat purchasers and displaying influencer characteristics. The monthly increases in registered active users and Gross Merchandise Value (GMV) demonstrates the scalability and huge future potential for our platform. We have sold over $12 million worth of Australian and New Zealand products since the start of FY21, a testament to the continued demand for certain goods that are not readily available in China.

Aumake's partnership with an award-winning Hangzhou-based social e-commerce team is enabling us to significantly increase influencer acquisition and we are continuing to convert existing end-users to influencers. In addition to their extensive influencer contacts, the Hangzhou team also provides us with on-the-ground insights into emerging product trends in China. We are utilising this local expertise to tailor our offering and direct marketing campaigns to include products that entice and resonate with Chinese consumers, including premium skincare products, health supplements, dairy, mother & baby, and food & consumables.

Our B2B model differentiates us from local competitors as well as large Chinese B2C e-commerce platforms, who often target end-consumers with a focus on discount pricing. Aumake's platform is specifically designed to support turning the average consumer into an influencer. An easy-to-use platform interface combined with advanced account management tools allow influencers to utilise purchasing behaviour data, such as products being bought and transaction order value, creating a way to customise product recommendations to their social network.

Technology Development

In FY21, we built the first two iterations of Aumake's social e-commerce marketplace with our industry-leading technology partners Jiezhou Technology and ShopEx. We have now completed the majority of the technology buildout, including the upgrade to a customised WeChat mini program. Aumake's mini program is an app within WeChat, which enables us to send promotional messages directly to users via WeChat and tap into WeChat's user base of more than one billion. We have seized on the immense market opportunity this presents by increasing the size of our in-house technology team to support further interface and back-end capability development.

To enhance the buying experience for both influencers and end-users, Aumake's social e-commerce marketplace upgraded its features to incorporate popular social marketing functionalities such as group buying, live streaming, short-form video, gamification and peer-to-peer review. Alongside implementation of the latest account management tools, a loyalty scheme provides influencers with better pricing, discounts and priority access to new brands and products. This B2B functionality incentivises influencers to promote new brands and products to their social network.

Physical Store Network

As part of our transition to an online business, we have undertaken a store rationalisation program which has seen us identify and divest non-core physical stores, with 7 physical stores remaining. Physical stores will continue to complement our online presence in the future, assisting in converting in-store traffic to the platform, serving as showrooms for new brands and higher-value, higher-margin products and servicing local customers. In the future, low-margin popular products will be delivered from warehouse or supplier, rather than collected in-store.

With vaccination rates rising in Australia and New Zealand and expected border re-openings on the horizon in FY22, we will continue to monitor store activity and profitability ahead of the return of international students and Asian tourists.

In June 2021, we completed the acquisition of Broadway, a leading inbound Asian tourism business in Australia and New Zealand. This acquisition is uniquely placed to provide access to over 100 Asian travel agents once international tourists return, ensuring Aumake is well-positioned to enter a hybrid online and physical store business combination.

Management & Corporate Update

Tony Guarna was appointed Chief Financial Officer (CFO) in May 2021 following the resignation of Peter Zhou. Mr Guarna brings more than three decades of financial experience to Aumake, previously holding CFO and Finance Manager positions at ASX-listed SciDev (SDV), Austral Gold (ADG) and Freedom Insurance Group (FIG).

To better reflect the Company’s new business model, it changed its name and ASX ticker to Aumake Limited and AUK.

Outlook for FY22

Aumake has built the foundations of a new online business in FY21, and we are well-positioned to scale active users and GMV in FY22. Over the year ahead, we will continue to leverage our integral Hangzhou partnership to onboard a sales force of new influencers and active users to increase GMV through the platform. We will also prioritize integrating new features and functionalities into our online platform by keeping abreast of rapidly evolving technology trends.

We eagerly anticipate the launch of our new brand-facing website, which will include unique onboarding guides, instructing brands how to join and sell on the Aumake social e-commerce platform. Aumake is also exploring a new revenue model which proposes to earn fees from assisting brands with their marketing to China – more on this will be announced in the coming months.

In addition, we are working on a number of initiatives and partnerships that leverage our online platform to diversify our business, including a perishable product offering with fresh food, dairy and other items shipped from Australia and New Zealand to China.

Lastly, strategic acquisition opportunities remain of interest to the Company to fast-track growth and provide a steady cashflow to complement our online business as we wait for international borders to reopen.

On behalf of the Board, I would like to take this opportunity to thank the Aumake team, our suppliers, brands, and influencers, for their continued support over the past year. I'd also like to thank our valuable shareholders for your patience during our transition to an online business model. Operating conditions have certainly been challenging, however, we are confident that FY22 will be a rewarding time as we chart a new online future for the business. I am personally incredibly excited about Aumake's ability to emerge stronger as the world recovers from the effects of a global health crisis, and the possibilities ahead as we grow our product offering. Change is never easy, but we have more than a decade of experience and in the last 4 years, have sold well over $135 million high-quality of Australian products to Asian influencers. We look forward to delivering value for shareholders in FY22 and beyond.

Keong Chan,
Executive Chairman

Board of directors

Mr Keong Chan GAICD

Executive Chairman
Bachelor of Commerce and Master of International Customs Law and Administration

Mr Chan spent his early career working with Big 4 accounting firms in Canberra, Sydney and Perth and has significant corporate experience in capital raisings, initial public offerings, mergers and acquisitions, takeovers and divestments.

Mr Chan is a member of the Australian Institute of Company Directors.

Mr Joshua Zhou

Managing Director
Bachelor of Management and Master of International Business

Mr Jiahua (Joshua) Zhou is the founder of Aumake.

Mr Zhou worked in the Australian tourism industry for 10 years in roles which included the coordination of business and government delegations from China.

Mr Jacky Yang

Executive Director
My Yang is a highly experienced Asian focused tourism professional with over 20 years of experience in the Asian tourist retail industry. During this time, he cofounded and built the Broadway business to a turnover of over $30 million per annum.

Mr Quentin Flannery MAICD

Non-Executive Director
(Resigned on 8 September 2021)
Bachelor of International Business with a minor in Mandarin

Currently the Director of several family companies, Mr Flannery brings a wealth of experience across corporate and commercial matters.

Since joining the board in 2017, Quentin has brought more than a decade of experience across a range of industries including exports, energy production, emerging technologies and both commercial and residential property development. Quentin is a member of the Australian Institute of Company Directors, and holds a Bachelor of International Business, Chinese Languages from the Queensland University of Technology.

Mr Flannery is also a Director for energy supplier Sunset Power International, coal mining company Delta Coal, and is Chairman of the medical device start-up Field Orthopaedics.

Quentin is also the Director of the Flannery Foundation, which supports a large range of charities, and is a corporate ambassador for the Australian Charity Act for Kids.

Ian Thubron

Non-Executive Director
(Appointed on 8 September 2021)
Master of Arts (Cambridge)

Ian graduated from Cambridge University in 1987. After a stint in Corporate Finance at JP Morgan in New York, he returned to London and embarked on a 30-year career in the Marketing Communication Industry, working with some of the world's most admired brands. From 1991 until 2014 he lived and worked in Hong Kong, Singapore and Shanghai, and from 2004 until 2014 was Executive Vice President of TBWA\ Asia Pacific and President of TBWA\ Greater China.

Ian moved to Western Australia in 2015 and founded AsiaStrategies, a consulting firm which advises companies on Strategy, Growth and Asian Expansion. He sits on the boards of Good Samaritan Enterprises, Amana Living, Integrated Marketing Technology and Chairs the Blue Tree Project. Ian previously sat on the Boards of Tourism Western Australia and D'Orsogna.

Directors Report
30 June 2021

Directors' report

30 June 2021

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Aumake Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2021.

Directors

The following persons were Directors of Aumake Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Keong Chan
Jiahua (Joshua) Zhou
Jacky Yang
Quentin Flannery (Appointed on 29 September 2017, Resigned on 8 September 2021)
Oliver Horn (Appointed on 18 November 2019, Resigned on 26 October 2020)
Ian Thubron (Appointed on 8 September 2021)

Principal activities

During the financial year the principal activities of the consolidated entity was sale of Australian products via its online e-commerce store and the Aumake retail stores.

Dividends

The consolidated entity has not declared any dividend during the financial year.

Review of operations

The loss for the consolidated entity after providing for income tax and non-controlling interest amounted to $20,147,809 (30 June 2020: loss of $5,147,947).

Significant changes in the state of affairs

In line with previous announcements to the Stock Exchange, the Group has continued pivoting from a retailer focusing on Chinese tourism into Australia to an online presence enabling selling our products into China. The Group has also partnered with an experienced Hangzhou social ecommerce team that will drive influencer and active user growth.

The Group remains committed to maintaining several stores in Australia and will reopen other stores at the appropriate time, depending on when international travellers return.

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

Matters subsequent to the end of the financial year

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has been financially negative for the consolidated entity up to 30 June 2021, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Likely developments and expected results of operations
Whilst still in its early days, the ecommerce presence is showing positive signs and number of visitors is gaining momentum.

Environmental regulation
The consolidated entity is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Information on directors

Name:	Keong Chan
Title:	Executive Chairman
Qualifications:	Bachelor of Commerce and Master of International Customs Law and Administration
Experience and expertise:	Mr Chan joined the Board on 29 September 2017. Mr Chan spent his early career working with Big 4 accounting firms in Canberra, Sydney and Perth and has significant corporate experience in capital raisings, initial public offerings, mergers and acquisitions, and takeovers and divestments. Mr Chan has also been a Director on the Boards of a number of ASX listed companies and has accumulated a vast network of relationships across a number of industries, bringing these connections and his expertise to his role as Executive Chairman of Aumake.
Other current Directorships:	None
Former Directorships (last 3 years):	Non-Executive Director of Hylea Metals Ltd Non-Executive Chairman Superior Lake Resources Limited Non-Executive Chairman Metalsearch Limited
Special responsibilities:	Member of the Audit and Risk Committees
Interests in shares:	26,793,376 ordinary shares
Interests in options:	11,333,333 options
Contractual rights to shares:	2,187,500 Class A performance rights

Name:	Jiahua (Joshua) Zhou
Title:	Managing Director
Qualifications:	Bachelor of Management and Master of International Business
Experience and expertise:	Mr Zhou is the co-founder of Aumake Australia and joined the Board on 29 September 2017. Prior to setting up the business, Mr Zhou worked in the Australian tourism industry for 10 years in roles which included the coordination of business and government delegations from China. His retail business acumen was honed working in duty free retail and sales management. This direct experience with both Chinese and Australian culture has provided Mr Zhou with a sound understanding of how to maximise the opportunities for Australian/Chinese retailing which he now brings to Aumake.
Other current Directorships:	None
Former Directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	62,560,672 ordinary shares
Interests in options:	8,516,666 options
Contractual rights to shares:	1,687,500 Class A performance rights

Name:	Jacky Yang
Title:	Executive Director
Qualifications:	Bachelor of pharmacy
Experience and expertise:	Mr Yang joined the Board on 18 November 2019. Mr Yang is a highly experienced Asian focussed tourism professional with over 20 years of experience in the Asian tourist retail industry. During this time he co-founded and built the Broadway business to a turnover of over $30 million per annum, which was ultimately acquired by Aumake in July 2019. Mr Yang's long standing and established relationships throughout the entire tourist supply chain, including with travel agents in China and ANZ, provides valuable insight to the Board as it focuses on the continued growth of Aumake in the Asian tourist market.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	7,865,997 ordinary shares
Interests in options:	8,333,333 options
Contractual rights to shares:	1,562,500 Class A performance rights

Name:	Quentin Flannery (Appointed on 29 September 2017, Resigned on 8 September 2021)
Title:	Non-Executive Director
Qualifications:	Bachelor of International Business with a minor in Mandarin
Experience and expertise:	Currently the Director of several family companies, Mr Flannery brings a wealth of experience across corporate and commercial matters. Since joining the board in 2017, Quentin has brought more than a decade of experience across a range of industries including exports, energy production, emerging technologies and both commercial and residential property development. Quentin is a member of the Australian Institute of Company Directors, and holds a Bachelor of International Business, Chinese Languages from the Queensland University of Technology. Mr Flannery is also a Director for energy supplier Sunset Power International, coal mining company Delta Coal, and is Chairman of the medical device start-up Field Orthopaedics. Quentin is also the Director of the Flannery Foundation, which supports a large range of charities, and is a corporate ambassador for the Australian Charity Act for Kids.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Chairman of Audit Committee, and member of Risk Committee
Interests in shares:	23,973,332 ordinary shares
Interests in options:	9,166,666 options
Contractual rights to shares:	2,100,000 Class B performance rights

Name:	Oliver Horn (Appointed on 18 November 2019, Resigned on 26 October 2020)
Title:	Non-Executive Director
Qualifications:	Bachelor of Business Administration (with Honours), GAICD
Experience and expertise:	Mr Horn joined the Board on 18 November 2019. Mr Horn is currently Executive Director and Group Chief Executive Officer for Elixinol Global (ASX:EXL). Elixinol Global operates in the global hemp foods and cannabis sector with operations in the Americas, Europe and ANZ. Prior to this, Mr Horn was the Managing Director of Swisse Wellness for Australia and New Zealand (ANZ) and North America and previously also held senior operational leadership positions at Treasury Wine Estates across ANZ, Europe, Middle East and Africa. With an established track record for exponential growth in established and emerging markets Mr Horn has extensive experience in servicing Chinese consumers in Australia, a deep knowledge of the vitamins, minerals and supplements (VMS) category, a track record of premium brand building and a passion for creating businesses with a positive and thriving workplace culture.
Other current directorships:	Executive Director of Elixinol Global Ltd
Former directorships (last 3 years):	None
Special responsibilities:	Chairman of Risk Committee, and member of Audit Committee
Interests in shares:	None
Interests in options:	None
Contractual rights to shares:	882,000 Class C performance rights

Name:	Ian Thubron (Appointed on 8 September 2021)
Title:	Non-Executive Director
Qualifications:	Master of Arts (Cambridge)
Experience and expertise:	Ian graduated from Cambridge University in 1987. After a stint in Corporate Finance at JP Morgan in New York, he returned to London and embarked on a 30-year career in the Marketing Communication Industry, working with some of the world's most admired brands. From 1991 until 2014 he lived and worked in Hong Kong, Singapore and Shanghai, and from 2004 until 2014 was Executive Vice President of TBWA\Asia Pacific and President of TBWA\Greater China. Ian moved to Western Australia in 2015 and founded AsiaStrategies, a consulting firm which advises companies on Strategy, Growth and Asian Expansion. He sits on the boards of Good Samaritan Enterprises, Amana Living, Integrated Marketing Technology and Chairs the Blue Tree Project. Ian previously sat on the Boards of Tourism Western Australia and D'Orsogna.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	None
Interests in options:	None
Contractual rights to shares:	Subject to Shareholder approval, Ian will also be entitled to 3 million zero priced options with an expiry date of 6 September 2024 vesting over time and in accordance with meeting milestones.

'Other current Directorships' quoted above are current Directorships for listed entities only and excludes Directorships of all other types of entities, unless otherwise stated.

'Former Directorships (last 3 years)' quoted above are Directorships held in the last 3 years for listed entities only and excludes Directorships of all other types of entities, unless otherwise stated.

Company secretary

Mr. David Franks (appointed on 20 March 2020, resigned 23 August 2021)
Ms Lisa Wynne (appointed on 23 August 2021)

Meetings of directors

The number of meetings of the company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2021, and the number of meetings attended by each Director were:

	Full board		Audit and Risk Committee	
	Attended	**Held**	**Attended**	**Held**
Keong Chan	7	7	2	2
Jiahua (Joshua) Zhou	7	7	–	1
Jacky Yang	7	7	–	–
Quentin Flannery	7	7	2	2
Oliver Horn	3	3	1	1

Held: represents the number of meetings held during the time the Director held office or was a member of the relevant committee.

Remuneration report (audited)

The remuneration report details the key management personnel remuneration arrangements for the consolidated entity, in accordance with the requirements of the *Corporations Act 2001* and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all Directors.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration

The objective of the consolidated entity’s executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors (‘the Board’) ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency

The reward framework is designed to align executive reward to shareholders’ interests. The Board have considered that it should seek to enhance shareholders’ interests by:

- having economic profit as a core component of plan design
- focusing on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value
- attracting and retaining high calibre executives

Additionally, the reward framework should seek to enhance executives’ interests by:

- rewarding capability and experience
- reflecting competitive reward for contribution to growth in shareholder wealth
- providing a clear structure for earning rewards

In accordance with best practice corporate governance, the structure of Non-Executive Director and Executive Director remuneration is separate.

Non-Executive Directors’ remuneration

Fees and payments to Non-Executive Directors reflect the demands and responsibilities of their role. Non-Executive Directors’ fees and payments are reviewed annually by the Board. The Board may, from time to time, receive advice from independent remuneration consultants to ensure Non-Executive Directors’ fees and payments are appropriate and in line with the market.

ASX listing rules require the aggregate Non-Executive Directors’ remuneration be determined periodically by a general meeting. The maximum aggregate remuneration payable to Non-Executive Directors currently stands at $300,000 per annum.

Executive remuneration

The consolidated entity aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework has four components:

- base pay and non-monetary benefits
- short-term performance incentives
- share-based payments
- other remuneration such as superannuation and long service leave

The combination of these comprises the executive’s total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Nomination and Remuneration Committee based on individual and business unit performance, the overall performance of the consolidated entity and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the consolidated entity and provides additional value to the executive.

Details of remuneration

Amounts of remuneration

Details of the remuneration of key management personnel of the consolidated entity are set out in the following tables.

The key management personnel of the consolidated entity consisted of the following Directors of Aumake Limited:

- Keong Chan (Executive Chairman)
- Jiahua (Joshua) Zhou (Managing Director)
- Jacky Yang (Executive Director)
- Quentin Flannery (Non-Executive Director)
- Oliver Horn (Non-Executive Director) (Appointed on 18 November 2019, Resigned 26 October 2020)

2021	Short-term benefits		Post-employment benefits	Share-based payments		
	Cash salary and fees* $	Other $	Superannuation $	Equity-settled options $	Total $	Fixed remuneration %
Non-Executive Directors:						
Quentin Flannery	42,000	–	–	59,831	101,831	41
Oliver Horn	7,613	–	–	14,576	22,189	34
Executive Directors:						
Keong Chan	330,366	–	16,150	52,410	398,926	87
Jiahua Zhou	307,478	–	25,558	40,430	373,466	89
Jacky Yang	283,689	–	9,938	37,436	331,063	89
Other KMP:						
Wei (Vivian) Lin	300,345	–	8,842	37,436	346,623	89
Peter Zhao**	161,087	–	16,028	37,356	214,471	83
Tony Guarna***	26,000	–	–	–	26,000	100
	1,458,578	**–**	**76,516**	**279,475**	**1,814,569**	

FY21 director and KMP remuneration includes settlement of deferred remuneration (50% deferral between March 2020 and December 2020 due to the impact of COVID-19) via participation in the Company's capital raising which was approved by shareholders in March 2021. The Company engaged BDO Reward Pty Ltd to independently determine fair and reasonable arm's length FY20 Director remuneration including incentives.

The equity-settled options were approved by shareholders in December 2020 and are all linked to performance, have not been paid, and their value determined in accordance with the Binomial or Black-Scholes option pricing model.

2020	Short-term benefits		Post-employment benefits	Share-based payments		
	Cash salary and fees* $	Other $	Superannuation $	Equity-settled options $	Total $	Fixed remuneration %
Non-Executive Directors:						
Gang Xu	20,000	–	–	–	20,000	100
Quentin Flannery	40,000	–	–	–	40,000	100
Lingye Zheng	20,000	–	–	–	20,000	100
Oliver Horn	21,600	–	–	–	21,600	100
Executive Directors:						
Keong Chan	200,256	–	17,417	–	217,672	100
Jiahua Zhou	227,564	–	19,792	–	247,356	100
Jacky Yang	171,581	–	14,419	–	186,000	100
Other KMP:						
Peter Zhao	167,077	–	14,820	–	181,897	100
	868,078	**–**	**66,448**	**–**	**934,525**	

* *Cash salary and fees includes fees paid or due to be paid and movement in annual leave entitlements for the period.*

***Peter Zhao resigned as Chief Financial Officer effective 3 May 2021.*

*** *Tony Guarna was appointed Chief Financial Officer on 3 May 2021. Tony Guarna is not an employee of Aumake but rather is a contractor engaged via Platinum Gate Proprietary Limited.*

There are no long-term incentives ('LTI') and short-term incentives ("STI") paid to the Directors during the year ended 30 June 2021 (30 June 2020: Nil).

Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name:	Keong Chan
Title:	Executive Chairman
Agreement commenced:	29 September 2017 (amended 1 January 2021)
Term of agreement:	Permanent without specific term.
Details:	Base salary of $150,000 per year plus superannuation Payment of termination benefit on termination by employer, other than for gross misconduct, is equal to three (3) months base salary and superannuation.

Name:	Jiahua (Joshua) Zhou
Title:	Managing Director
Agreement commenced:	29 September 2017 (amended 1 January 2021)
Term of agreement:	Permanent without specific term.
Details:	Base salary of $143,000 per year plus superannuation Payment of termination benefit on termination by employer, other than for gross misconduct, is equal to three (3) months base salary and superannuation.

Name:	Jacky Yang
Title:	Executive Director
Agreement commenced:	1 August 2019 (amended 1 January 2021)
Term of agreement:	Permanent without specific term.
Details:	Base fee of $141,000 per year plus superannuation Payment of termination benefit on termination by employer, other than for gross misconduct, is equal to three (3) months base salary and superannuation.

Share-based compensation

Details of shares, options or performance rights issued to the key management personnel as part of compensation during the year ended 30 June 2021 are outlined below:

Issue of Shares

There were no shares issued to Directors and other key management personnel as part of compensation during the year ended 30 June 2021.

Options and Performance Rights

Keong Chan
2,187,500 Class A Performance Rights were issued (ASX announcement 4 December 2020, approved at 2020 AGM).
10,500,000 unquoted options (expiry 4 December 2024 exercisable at $0.20) were issued (ASX announcement 4 December 2020, approved at 2020 AGM).
833,333 quoted options (expiry 16 March 2024 exercisable at $0.14) were issued (ASX announcement 17 March 2021).
Jiahua Zhou
1,687,500 Class A Performance Rights were issued (ASX announcement 4 December 2020, approved at 2020 AGM).
8,100,000 unquoted options (expiry 4 December 2024 exercisable at $0.20) were issued (ASX announcement 4 December 2020, approved at 2020 AGM).
416,666 quoted options (expiry 16 March 2024 exercisable at $0.14) were issued (ASX announcement 17 March 2021).
Jacky Yang
1,562,500 Class A Performance Rights were issued (ASX announcement 4 December 2020, approved at 2020 AGM).
7,500,000 unquoted options (expiry 4 December 2024 exercisable at $0.20) were issued (ASX announcement 4 December 2020, approved at 2020 AGM).
833,333 quoted options (expiry 16 March 2024 exercisable at $0.14) were issued (ASX announcement 17 March 2021).
Quentin Flannery
2,100,000 Class B Performance Rights were issued (ASX announcement 4 December 2020, approved at 2020 AGM).
4,166,666 quoted options (expiry 16 March 2024 exercisable at $0.14) were issued (ASX announcement 17 March 2021).
Oliver Horn
882,000 Class C Performance Rights were issued (ASX announcement 4 December 2020, approved at 2020 AGM).
Wei (Vivian) Lin
1,562,500 Class A Performance Rights were issued (ASX announcement 4 December 2020, approved at 2020 AGM).
7,500,000 unquoted options (expiry 4 December 2024 exercisable at $0.20) were issued (ASX announcement 4 December 2020).
Peter Zhao
1,000,000 Short-term Performance Rights were issued (ASX announcement 4 December 2020).
1,000,000 Long-term Performance Rights were issued (ASX announcement 4 December 2020).

Additional information

The loss of the consolidated entity for the three years to 30 June 2021 are summarised below:

	2021	2020	2019	2018 (*)
Sales revenue	12,442,733	60,056,562	44,346,500	21,382,822
EBITDA	(19,708,052)	(768,851)	(7,165,415)	(11,058,686)
EBIT	(20,147,809)	(4,392,721)	(7,743,317)	(11,216,760)
Loss after income tax	(20,147,809)	(5,147,947)	(7,757,237)	(11,232,861)

(*) 30 June 2017 financial information is that of ITM Corporation Limited as a result of the reverse acquisition accounting. The three years prior to 30 June 2017 are deemed not to be relevant for comparison as the reverse acquisition occurred during the year ended 30 June 2018 and therefore the consolidated entity was engaged in a different business prior to this.

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2021	2020	2019	2018 (*)
Share price at financial year end ($)	0.03	0.05	0.14	0.23
Total dividends declared (cents per share)	Nil	Nil	Nil	Nil
Basic earnings per share (cents per share)	(3.75)	(1.55)	(2.79)	(5.81)

(*) 30 June 2017 financial information is that of ITM Corporation Limited as a result of the reverse acquisition accounting. The three years prior to 30 June 2017 are deemed not to be relevant for comparison as the reverse acquisition occurred during the year ended 30 June 2018 and therefore the consolidated entity was engaged in a different business prior to this.

Additional disclosures relating to key management personnel

Shareholding

The number of shares in the company held during the financial year by each key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Additions	Disposals/ other	Balance at the end of the year
Ordinary shares				
Keong Chan	12,626,709	14,166,667	–	26,793,376
Jiahua (Joshua) Zhou	40,477,339	22,083,333	–	62,560,672
Quentin Flannery	19,914,999	4,058,333	–	23,973,332
Jacky Yang	2,164,477	5,701,520	–	7,865,997
Oliver Horn	–	–	–	–
Peter Zhao	324,283	–	–	324,283
	75,507,817	**46,009,853**	**–**	**121,517,660**

Option holding

The number of options over ordinary shares in the company held during the financial year by each key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Additions	Disposals/ other	Balance at the end of the year
Options over ordinary shares				
Keong Chan	–	11,333,333	–	11,333,333
Jiahua (Joshua) Zhou	–	8,516,666	–	8,516,666
Quentin Flannery	5,000,000	4,166,666	–	9,166,666
Jacky Yang	–	8,333,333	–	8,333,333
Wei (Vivian) Lin	–	7,500,000	–	7,500,000
	5,000,000	**39,849,998**	**–**	**44,849,998**

Performance shares

The number of performance shares in the company held during the financial year by each key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Additions	Disposals/other[1]	Balance at the end of the year
Performance Rights				
Keong Chan	12,500,000	2,187,500	(12,500,000)	2,187,500
Jiahua (Joshua) Zhou	21,250,000	1,687,500	(21,250,000)	1,687,500
Quentin Flannery	–	2,100,000	–	2,100,000
Jacky Yang	–	1,562,500	–	1,562,500
Oliver Horn	–	882,000	–	882,000
Wei (Vivian) Lin	–	1,562,500	–	1,562,500
Peter Zhao	–	2,000,000	–	2,000,000
	33,750,000	**11,982,000**	**(33,750,000)**	**11,982,000**

1 At the time of the Company IPO 33,750,000 performance shares were issued to these Directors upon achievement of revenue and gross margin vesting conditions. These vesting conditions were met and on 4 December 2020 these performance shares were converted into 33,750,000 ordinary shares.

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

This concludes the remuneration report, which has been audited.

Shares under option

Unissued ordinary shares of Aumake Limited under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
12 September 2017	12 September 2022	$0.20	5,000,000
22 January 2018	22 January 2023	$0.20	3,550,000
4 December 2020	4 December 2023	$0.20	33,600,000
4 December 2020	16 March 2024	$0.14	58,333,364
4 December 2020	4 December 2024	$0.20	3,600,000

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the company or of any other body corporate.

Indemnity and insurance of officers

The company has indemnified the Directors and executives of the company for costs incurred, in their capacity as a Director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the Directors and executives of the company against a liability to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in Note 26 to the financial statements.

The Directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

The Directors are of the opinion that the services as disclosed in Note 26 to the financial statements do not compromise the external auditor's independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

Officers of the company who are former partners of RSM Australia Partners

There are no officers of the company who are former partners of RSM Australia Partners.

Rounding of amounts

The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest dollar.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out immediately after this Directors' report.

Auditor

RSM Australia Partners continues in office in accordance with section 327 of the *Corporations Act 2001*.

This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the *Corporations Act 2001*.

On behalf of the directors

Keong Chan
Executive Chairman

30 September 2021
Sydney

Auditor's independence declaration

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Aumake Limited for the year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

RSM

RSM AUSTRALIA PARTNERS

Perth, WA
Dated: 30 September 2021

TUTU PHONG
Partner

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RSM Australia Partners is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Australia Partners ABN 36 965 185 036

Liability limited by a scheme approved under Professional Standards Legislation

Financial Statements
30 June 2021

Financial statements

General information

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

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

Registered office

Suite 1.01, 22–36 Mountain Street
Ultimo, NSW 2007, Australia

Principal place of business

Suite 1.01, 22–36 Mountain Street
Ultimo, NSW 2007, Australia

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

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 31 August 2021. The Directors have the power to amend and reissue the financial statements.

Statement of profit or loss and other comprehensive income

for the year ended 30 June 2021

	Note	Consolidated 2021 $	2020 $
Revenue			
Sales revenue	4	12,442,733	60,056,562
Other income	5	1,894,990	1,263,128
Expenses			
Cost of sales		(10,659,060)	(34,707,746)
Administrative expenses		(4,499,912)	(3,938,568)
Employee benefits expense		(4,947,036)	(8,145,742)
Marketing expenses		(748,088)	(15,223,835)
Travel and accommodation expenses		(66,078)	(166,353)
Share based payment expense (options and performance shares)	23	(410,230)	(12,052)
Depreciation and amortisation		(439,307)	(3,623,870)
Loss on disposal of assets		(1,242,129)	(649,471)
Loss on impairment of assets	27	(11,473,692)	–
Loss before income tax expense		**(20,147,809)**	**(5,147,947)**
Income tax expense	6	**–**	**–**
Loss after income tax expense for the year		**(20,147,809)**	**(5,147,947)**
Other comprehensive income			
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations	20	(71,707)	249,216
Total comprehensive loss attributable to owners of Aumake Limited		**(20,219,516)**	**(4,898,731)**
Loss for the year is attributable to:			
Non-controlling interest		(28,923)	–
Owners of Aumake Limited		(20,118,886)	(5,147,947)
		(20,147,809)	**(5,147,947)**
Total comprehensive loss for the year is attributable to:			
Non-controlling interest		(28,923)	–
Owners of Aumake Limited		(20,190,593)	(5,147,947)
		(20,219,516)	**(5,147,947)**
		Cents	Cents
Loss per share for loss from continuing operations attributable to the owners of Aumake Limited			
Basic earnings per share	33	(3.75)	(1.55)

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

Statement of financial position

as at 30 June 2021

	Note	Consolidated 2021 $	2020 $
Assets			
Current assets			
Cash and cash equivalents	7	4,264,616	8,228,008
Trade and other receivables	8	156,142	807,109
Inventories	9	1,799,618	1,732,702
Other assets	10	464,140	91,671
Total current assets		6,684,516	10,859,490
Non-current assets			
Plant and equipment	11	1,051,618	2,297,636
Right-of-use asset	12	2,850,381	14,782,275
Intangibles	13	5,438,887	16,250,898
Other assets	14	1,310,463	1,208,928
Total non-current assets		10,651,349	34,539,737
Total assets		17,335,865	45,399,227

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

Statement of financial position as at 30 June 2021

		Consolidated	
	Note	2021 $	2020 $
Liabilities			
Current liabilities			
Trade and other payables	15	7,305,356	11,218,101
Borrowings	16	39,497	193,274
Provisions	17	1,387,967	471,277
Lease liabilities	18	1,654,590	2,425,055
Total current liabilities		10,387,410	14,307,707
Non-current liabilities			
Borrowings	16	–	43,148
Lease liabilities	18	1,361,367	12,893,822
Other payables	15	228,904	2,127,000
Total non-current liabilities		1,590,271	15,063,970
Total liabilities		11,977,681	29,371,677
Net assets		5,358,184	16,027,550
Equity			
Issued capital	19	49,094,462	35,954,542
Reserves	20	1,884,638	5,546,115
Non-controlling interests	21	(28,923)	–
Accumulated losses	22	(45,591,993)	(25,473,107)
Total equity		5,358,184	16,027,550

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

Statement of changes in equity

for the year ended 30 June 2021

Consolidated	Issued capital $	Reserves $	Accumulated losses $	Non-Controlling Interests $	Total equity $
Balance at 1 July 2019	32,873,815	5,284,848	(20,325,160)	–	17,833,503
Total comprehensive loss for the year	–	249,216	(5,147,947)	–	(4,898,731)
Transactions with owners in their capacity as owners:					
Issue of share for acquisition of subsidiary	2,609,000	–	–	–	2,609,000
Share issue costs (Note 19)	(28,273)	–	–	–	(28,273)
Share-based payments – Options and performance shares (Note 23)	500,000	12,051	–	–	512,051
Balance at 30 June 2020	35,954,542	5,546,115	(25,473,107)	–	16,027,550

Consolidated	Issued capital $	Reserves $	Accumulated losses $	Non-Controlling Interests $	Total equity $
Balance at 1 July 2020	35,954,542	5,546,115	(25,473,107)	–	16,027,550
Total comprehensive loss for the year	–	–	(20,118,886)	(28,923)	(20,147,809)
Transactions with owners in their capacity as owners:					
Issue of share for acquisition of subsidiary	2,504,000	–	–	–	2,504,000
Issue of new shares	7,000,000	–	–	–	7,000,000
Share Payment Reserve conversion	4,000,000	(4,000,000)	–	–	–
Share issue costs (Note 19)	(364,080)	–	–	–	(364,080)
Share-based payments – Options and performance shares (Note 23)	–	410,230	–	–	410,230
Exchange difference on translation	–	(71,707)	–	–	(71,707)
Balance at 30 June 2021	49,094,462	1,884,638	(45,591,993)	(28,923)	5,358,184

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

Statement of cash flows

for the year ended 30 June 2021

	Note	Consolidated 2021 $	2020 $
Cash flows related to operating activities			
Receipts from product sales and related debtors		12,442,733	62,414,848
Payments to suppliers and employees		(21,978,346)	(60,692,207)
Other income		1,538,169	1,263,128
Interest received		7,450	23,366
Income tax paid		–	–
Net cash outflow (used in) / from operating activities	32	**(7,989,994)**	**3,009,135**
Cash flows related to investing activities			
Payments for plant and equipment	11	(137,688)	(961,193)
Acquisition of intangibles	19	(2,354,000)	(4,963,000)
Secured deposits paid / (refunded)		(101,535)	54,308
Net cash outflow used in investing activities		**(2,593,223)**	**(5,869,885)**
Cash flows related to financing activities			
Proceeds from issue of shares	19	7,000,000	3,109,000
Share issue costs	19	(364,080)	(28,273)
Interest paid		–	(2,676)
Repayment of the borrowings		(43,148)	(2,005,146)
Net cash inflow from financing activities		**6,592,772**	**1,072,905**
Net decrease in cash held		(3,990,445)	(1,787,845)
Cash and cash equivalents at the beginning of the financial year		8,228,008	10,015,853
Effects of exchange rate changes on cash and cash equivalents		27,053	–
Cash and cash equivalents at the end of the financial year	7	**4,264,616**	**8,228,008**

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

Notes to the financial statements

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

New or amended Accounting Standards and Interpretations adopted

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

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

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

Conceptual Framework for Financial Reporting (Conceptual Framework)

The consolidated entity has adopted the revised Conceptual Framework from 1 July 2020. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards, but it has not had a material impact on the consolidated entity's financial statements.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the AASB and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Going concern

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business.

As disclosed in the financial statements, the Group incurred a loss of $20,147,809 and outflows from operating activities and investing activities of $7,989,994 and $2,593,223 respectively for the year ended 30 June 2021. As at that date, the Group had net current liabilities of $3,702,894.

The ability of the Group to continue as a going concern is principally dependent upon the ability of the Group to manage cash flows in line with available funds and to secure funds by raising additional capital from equity markets, as and when required.

The Directors believe that there are reasonable grounds that the Group will be able to continue as a going concern, after consideration of the following factors:

- The Group held a positive cash position of $4,264,616 as at 30 June 2021 and has prepared a cash flow forecast to manage cash in line with available funds;
- The Group has reduced or removed all non-essential costs as to conserve cash;
- The Group has closed all non-profitable stores;
- The ability to defer payments to major creditors such as commission payments to travel agents based on existing strong relationships;
- Trade and other payables of $7,305,356 as at 30 June 2021 includes commission payable to travel agents of $2,166,271 and consideration payable of $2,127,000 (Refer to Note 15). $1,595,000 of the consideration payable was settled through the issue of shares; and
- The Group expects to be successful in sourcing further capital from the issue of additional equity securities to fund its ongoing operations, as and when required.

Parent entity information

In accordance with the *Corporations Act 2001*, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in Note 29.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Aumake Limited ('company' or 'parent entity') as at 30 June 2021 and 30 June 2020 and the results of all subsidiaries for the year then ended. Aumake Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Foreign currency translation

The financial statements are presented in Australian dollars, which is Aumake Limited's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Revenue recognition

The financial reporting standard on revenue from contracts with customers establishes a five-step model to account for revenue arising from contracts with customers. Revenue is recognised at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer (which excludes estimates of variable consideration that are subject to constraints, such as right of return exists, trade discounts, volume rebates and changes to the transaction price arising from modifications), net of any related sales taxes and excluding any amounts collected on behalf of third parties. An asset (goods or services) is transferred when or as the customer obtains control of that asset. As a practical expedient the effects of any significant financing component is not adjusted if the payment for the good or service will be within one year.

Sale of goods

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

Travel commission

Revenue generated from the travel commission is recognised at the point in time when the customers are introduced to the tour agencies.

Interest

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

Other revenue

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

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled, and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Aumake Limited (the 'head entity') and its wholly owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime subsequent to 30 June 2018. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

Trade and other receivables

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

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

Other receivables are recognised at amortised cost, less any provision for impairment.

Inventories

Raw materials, work in progress and finished goods are stated at the lower of cost and net realisable value on a weighted average cost basis. Cost comprises of direct materials and delivery costs, direct labour, import duties and other taxes. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable.

Stock in transit is stated at the lower of cost and net realisable value. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Impairment of investments

The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

Plant and equipment

Plant and equipment are stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of plant and equipment (excluding land) over their expected useful lives as follows:

Leasehold improvements	3–10 years
Plant and equipment	3–10 years
Motor vehicle	5–8 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements and plant and equipment under lease are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Software

Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 3 years.

Agency relationships

Agency relationships acquired in a business combination are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 20 years.

Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature, they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Provisions

Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Share-based payments

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions is measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions is recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore, any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Dividends

Dividends are recognised when declared during the financial year and no longer at the discretion of the company.

Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued, or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of Aumake Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except were included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit and loss as incurred.

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index, or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2021. The consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relations to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the consolidated entity based on known information. The consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the consolidated entity operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the consolidated entity unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Goodwill

The consolidated entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 1. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

Provision for impairment of inventories

The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

Share-based payment transactions

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity. Refer to Note 23 for further information.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Note 3. Operating segments

The consolidated entity is organised into two operating segments based on differences in the type of selling that occurs. The main operation is its traditional multi-brand, omni-channel retail business, and during this financial year the consolidated entity has developed its online platform and will begin to shift the business model from a predominately bricks-and-mortar business to an online influencer-based marketplace. This latter segment has not contributed sufficient revenue to justify separate disclosure in these financial statements.

The Directors have considered the requirements of AASB 8 – Operating Segments and the internal reports that are reviewed by the Board in allocating resources, and have concluded that at this time, no breakdown of the segments is made as the contributions to the e-commerce platform are not significant.

The consolidated entity is domiciled in Australia. Revenue from external customers is generated from Australia, New Zealand and China. Segment revenues are allocated based on the country in which the customer is located. Assets are located in Australia, New Zealand and China. For the years ended 30 June 2021 and 30 June 2020, the revenues from China and New Zealand are not material to the Group.

Note 4. Revenue

	Consolidated	
	2021 $	2020 $
Revenue from contracts with customers		
Sale of goods	12,442,733	60,056,562

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

	Consolidated	
	2021 $	2020 $
Geographical		
Australia	12,442,773	53,183,490
New Zealand	–	6,873,072
Sale of goods	12,442,733	60,056,562

Note 5. Other income

	Consolidated 2021 $	2020 $
Other income	543,405	1,239,762
Interest income	–	23,366
Cash Flow Boost	227,585	–
JobKeeper subsidies	1,124,000	–
	1,894,990	1,263,128

Note 6. Income tax expense

a) Income tax recognised in profit/loss

No income tax is payable by the Group as it recorded a loss for income tax purposes for the year.

b) Numerical reconciliation between income tax expense and the loss before income tax

The prima facie income tax benefit on pre-tax accounting loss from operations reconciles to the income tax expense in the financial statements as follows:

	Consolidated 2021 $	2020 $
Accounting loss before tax	(20,147,809)	(5,147,947)
Income tax benefit at 26% (2020: 30%)	(5,238,430)	(1,544,384)
Tax effect of non-allowable items and temporary differences	2,340,261	725,275
Unrecognised tax losses	2,898,169	819,109
Income tax expense/(benefit) attributable to loss from ordinary activities	–	–

c) Unrecognised deferred tax balances

Previous year deferred tax asset	5,668,076	3,684,012
Tax losses at 26% (2020: 30%)	2,097,072	1,984,064
Net unrecognised deferred tax asset at 26% (2020: 30%)	7,765,148	5,668,076

A deferred tax asset attributable to income tax losses has not been recognised at the reporting date as the probability criteria disclosed in Note 1 is not satisfied and such benefit will only be available if the consolidated entity can satisfy the tax loss recoupment test as defined in each taxation jurisdiction.

Note 7. Current assets – cash and cash equivalents

	Consolidated	
	2021 $	2020 $
Cash at bank	4,043,799	8,070,585
Term deposits	210,667	78,345
Cash on hand	10,150	79,078
	4,264,616	8,228,008

Note 8. Current assets – trade and other receivables

	Consolidated	
	2021 $	2020 $
Trade receivables	143,015	383,506
Other receivables	13,127	423,603
	156,142	807,109

All trade receivables are non-interest bearing. Refer to Note 24 for further information on financial instruments.

Allowance for expected credit losses
There is no allowance for expected credit losses recognised as at 30 June 2021 (30 June 2020: Nil).

Note 9. Current assets – inventories

	Consolidated	
	2021 $	2020 $
Finished goods	1,919,579	1,983,793
Less: provision for impairment	(119,961)	(251,091)
	1,799,618	1,732,702

Note 10. Current assets – other assets

	Consolidated	
	2021 $	2020 $
Prepayments	464,140	91,671

Note 11. Non-current assets – plant and equipment

	Consolidated 2021 $	2020 $
Leasehold improvements – at cost	1,578,392	2,397,592
Less: Accumulated depreciation	(732,432)	(606,106)
	845,960	1,791,486
Plant and equipment – at cost	430,855	712,348
Less: Accumulated depreciation	(300,035)	(390,902)
	130,820	321,446
Motor vehicles – at cost	190,693	208,703
Less: Accumulated depreciation	(115,855)	(108,552)
	74,838	100,151
Capital work in progress	–	84,553
	1,051,618	2,297,636

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Leasehold improvements $	Plant and equipment $	Motor vehicles $	Capital work in progress $	Total $
Balance at 30 June 2020	1,791,486	321,446	100,151	84,553	2,297,636
Additions	99,249	38,439	–	–	137,688
Disposals	(1,006,976)	(132,590)	(18,010)	(84,553)	(1,242,129)
Depreciation expense	(33,612)	(96,232)	(7,303)	–	(137,147)
Foreign exchange differences	(4,187)	(243)	–	–	(4,430)
Balance at 30 June 2021	845,960	130,820	74,838	–	1,051,618

Consolidated	Leasehold improvements $	Plant and equipment $	Motor vehicles $	Capital work in progress $	Total $
Balance at 30 June 2019	1,987,741	384,812	164,600	128,339	2,665,492
Additions	792,525	163,868	–	4,800	961,193
Disposals	(550,557)	(31,507)	(25,451)	(48,586)	(656,101)
Depreciation expense	(438,009)	(195,448)	(39,073)	–	(672,530)
Foreign exchange differences	(214)	(279)	75	–	(418)
Balance at 30 June 2020	1,791,486	321,446	100,151	84,553	2,297,636

Note 12. Non-current assets – right-of-use assets

	Consolidated	
	2021 $'000	2020 $'000
Right-of-use asset	5,848,772	17,431,454
Less: Accumulated amortisation	(2,998,391)	(2,649,180)
	2,850,381	14,782,274

The consolidated entity has exited or surrendered several property leases during this financial year. The remaining leases over buildings for its offices and retail outlets are under agreements with a duration of between one to three and a half years to expiry. The leases have various escalation clauses. On renewal, the terms of the leases will be renegotiated.

Note 13. Non-current assets – intangibles

	Consolidated	
	2021 $'000	2020 $'000
Goodwill	–	10,509,851
Agency relationships – at cost	6,043,208	6,043,208
Less: Accumulated amortisation	(604,321)	(302,161)
Total	5,438,887	16,250,898

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Agency Relationships $	Goodwill $	Total $
Balance at 1 July 2019	–	2,373,059	2,373,059
Additions through business combinations	6,043,208	8,136,792	14,180,000
Less: Amortisation for the year	(302,161)	–	(302,161)
Balance at 30 June 2020	5,741,047	10,509,851	16,250,898
Less: Amortisation for the year	(302,160)	–	(302,160)
Less: Impairment for the year	–	(10,509,851)	(10,509,851)
Balance at 30 June 2021	5,438,887	–	5,438,887

Impairment testing
Given the impact of COVID-19 on the Group's operations for the year ended 30 June 2021 and the likelihood that COVID-19 will continue to affect the Group's revenue at least in the short-term post the date of this financial report, the Directors have fully impaired the goodwill as at 30 June 2021.

Note 14. Non-current assets – other assets

	Consolidated 2021 $'000	Consolidated 2020 $'000
Security deposits	1,310,463	1,208,928

Note 15. Trade and other payables

	Consolidated 2021 $	Consolidated 2020 $
Current		
Trade payables	1,306,698	2,459,692
Other payables[1]	2,651,131	4,986,875
Payment in advance	3,609	12,443
Accrued expenses[2]	3,343,918	3,759,091
	7,305,356	11,218,101

	Consolidated 2021 $	Consolidated 2020 $
Non-current		
Other payables	228,904	2,127,000

Refer to Note 24 for further information on financial instruments.

1 *The total current other payables of $2,651,131 includes the final tranche of the Broadway consideration payment of $2,127,000 which was settled on 23 July 2021. $1,595,000 of the consideration was settled through the issue of shares.*

2 *The total accrued expenses balance of $3,343,918 includes rent owed of $1,071,452 and accrued commission of $2,166,271 which are payable to travel agents and agencies.*

Note 16. Borrowings

	Consolidated 2021 $	Consolidated 2020 $
Current		
Credit card facility	–	160,017
Finance lease liability – motor vehicles	39,497	33,257
	39,497	193,274

	Consolidated 2021 $	Consolidated 2020 $
Non-current		
Finance lease liability – motor vehicles	–	43,148

The financial lease liability is payable as follows:

30 June 2021	Future minimum lease payments $	Interest $	Present value of minimum lease payments $
Less than one year	39,514	(17)	39,497
Between one and five years	–	–	–
	39,514	**(17)**	**39,497**

30 June 2020	Future minimum lease payments $	Interest $	Present value of minimum lease payments $
Less than one year	33,863	(606)	33,257
Between one and five years	43,933	(785)	43,148
	77,796	**(1,391)**	**76,405**

The finance lease liability is secured by a charge over the underlying finance leased asset.

Note 17. Current liabilities – provisions

	Consolidated 2021 $	2020 $
Provision for lease payments due (not included in Lease Liabilities)[1]	750,068	–
Employee benefits provision	637,899	471,277
	1,387,967	471,277

1 The provision balance of $750,068 relates to the amount of rent payable over the entire remaining lease period for the Q1, Surfers Paradise and the China Town stores. As these stores are no longer open, the lease liabilities have been accounted for as provisions (moved out of lease liabilities). Management is endeavouring to surrender, exit, or sub-lease these locations.

Amounts not expected to be settled within the next 12 months

The current provision for employee benefits includes all unconditional entitlements where employees have completed the required period of service and those where employees are entitled to pro-rata payments in certain circumstances. The entire amount is presented as current since the consolidated entity does not have an unconditional right to defer settlement. The consolidated entity expects all employees to take the full amount of accrued leave or require payment within the next 12 months.

Note 18. Lease liabilities

	Consolidated 2021 $'000	2020 $'000
Current		
Lease liability	1,654,590	2,425,055

	Consolidated 2021 $'000	2020 $'000
Non-current		
Lease liability	1,361,367	12,893,822

Refer to note 24 for further information on financial instruments.

Note 19. Equity – issued capital

	Consolidated			
	2021 Shares	2020 Shares	2021 $	2020 $
Ordinary shares – fully paid	537,846,762	332,436,698	49,094,462	35,954,542

Movements in ordinary share capital

Consolidated	2021 No. of shares	$	2020 No. of shares	$
At the beginning of the financial year	332,436,698	35,954,542	312,079,202	32,873,815
Add:				
Share issued at acquisition of business – Broadway Group	36,417,816	2,354,000	17,232,496	2,609,000
Reclassify Share Payment Reserve to issued Capital (Note 20(b))	50,000,000	4,000,000	–	–
Share issued at acquisition of subsidiary – Jumbuck Australia Pty Ltd (Tranche 2)	2,325,581	150,000	–	–
Share issued at capital raising	116,666,667	7,000,000	3,125,000	500,000
Share issue costs	–	(364,080)	–	(28,273)
At the end of the financial year	537,846,762	49,094,462	332,436,698	35,954,542

Ordinary shares participate in dividends and the proceeds on winding up of the consolidated entity in proportion to the number of and amounts paid on the shares held. At shareholder meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

Share buy-back
There is no current on-market share buy-back.

Capital risk management
The consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The consolidated entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current company's share price at the time of the investment. The consolidated entity is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

The consolidated entity is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

The capital risk management policy remains unchanged from the 30 June 2020 Annual Report.

Note 20. Equity – reserves

	Consolidated	
	2021 $	2020 $
Options reserve (a)	1,734,795	1,473,262
Performance rights reserve (b)	148,697	4,000,000
Foreign currency translation reserve (c)	1,146	72,853
	1,884,638	5,546,115

(a) Options reserve

Movements in option reserve

Consolidated	2021 No. of securities	$	2020 No. of securities	$
At the beginning of the financial year	8,550,000	1,473,262	10,250,000	1,461,211
Issue/(forfeited) of options to employees in pursuant to Employee Share Option Plan ('ESOP') with an exercise price of $0.20	(5,000,000)	–	(1,700,000)	–
Amortisation of expense on options issued[1]	–	–	–	12,051
Issue of options to Non-Executive Director pursuant to Long-Term Incentive Plan with an exercise price of $0.20 (expiry 29 September 2022)	5,000,000	25,126	–	–
Issue of options to staff pursuant to Employee Share Option Plan with an exercise price of $0.20 (expiry 4 December 2024)	3,600,000	68,695	–	–
Issue of options to Director pursuant to Long-Term Incentive Plan with an exercise price of $0.20 (expiry 4 December 2024)	33,600,000	167,712	–	–
Issue of free attaching options pursuant to Tranche 2 $7.0 m placement with an exercise price of $0.14 (expiry 16 March 2024)	58,333,364	–	–	–
At the end of the financial year	104,083,364	1,734,795	8,550,000	1,473,262

1 *The value disclosed above is the portion of the fair value of the options recognised as an expense in each reporting period in accordance with the requirements of AASB 2. Remaining amount will be recognised in future reporting periods over the vesting period.*

(b) Performance rights reserve

Movement in performance rights reserve

Consolidated	2021 No. of Securities	$	2020 No. of Securities	$
At the beginning of the financial year	50,000,000	4,000,000	–	–
Issue of Class A Performance Rights to founding shareholders of Aumake Limited with an exercise price of $0.09	7,000,000	–	25,000,000	2,000,000
Issue of Class B Performance Rights to Non-Executive Director	2,100,000	34,705	25,000,000	2,000,000
Reclassify Share Payment Reserve to Issued Capital (Note 19)	(50,000,000)	(4,000,000)	–	–
Issue of Class C Performance Rights to Non-Executive Director	882,000	14,576	–	–
Issue of Short-Term Performance Rights to staff	4,450,000	99,416	–	–
At the end of the financial year	14,432,000	148,697	50,000,000	4,000,000

(c) Foreign currency translation reserve

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

Movements in foreign currency translation reserve

	Consolidated 2021 $	 2020 $
At the beginning of the financial year	72,853	(176,363)
Exchange difference on translation of foreign operations	(71,707)	249,216
At the end of the financial year	1,146	72,853

Note 21. Non-Controlling Interest

In April 2021 Aumake invested AUD$1,000,000 to establish Hangzhou Ouyi Brand Management, a Chinese domiciled ecommerce operator. Whilst Aumake does not hold any direct ownership interest in Hangzhou Ouyi Brand Management, the Agreements that are in place regarding the AUD$1,000,000 investment effectively provides Aumake with control and 76% of the business results.

Movement in minority interests

	Consolidated	
	2021 $	2020 $
At the beginning of the financial year	–	–
Share of loss	(28,923)	–
Accumulated losses at the end of the financial year	(28,923)	–

Note 22. Equity – accumulated losses

	Consolidated	
	2021 $	2020 $
Accumulated losses at the beginning of the financial year	(25,473,107)	(20,325,160)
Loss after income tax expense for the year	(20,118,886)	(5,147,947)
Accumulated losses at the end of the financial year	(45,591,993)	(25,473,107)

Note 23. Share-based payments

Total expenses arising from share-based payment transactions recognised during the year were as follows:

		Consolidated	
		2021 $	2020 $
Options	20(a)	261,533	12,051
Performance rights	20(b)	148,697	–
		410,230	12,051

a) Options

All options granted to key employees, consultants and advisors of the Company are for ordinary shares in Aumake Limited which confer a right of one ordinary share for every option held.

2021

Grant Date	Expiry Date	Exercise Price	Balance at start of year	Options Issued during the period	Exercised during the period	Forfeited during the period	Balance at end of the period	Vested & exercisable at end of the period
			Number	Number	Number	Number	Number	Number
12/9/2017	12/9/2022	$0.20	5,000,000	–	–	(5,000,000)	–	–
22/1/2018	22/1/2023	$0.20	3,550,000	–	–	–	3,550,000	3,550,000
4/12/2020	4/12/2024	$0.20	–	33,600,000	–	–	33,600,000	–
4/12/2020	29/9/2022	$0.20	–	5,000,000	–	–	5,000,000	5,000,000
4/12/2020	4/12/2024	$0.20	–	2,300,000	–	–	2,300,000	–
4/12/2020	4/12/2024	$0.20	–	1,300,000	–	–	1,300,000	1,300,000
			8,550,000	42,200,000	–	(5,000,000)	45,750,000	9,850,000

2020

Grant Date	Expiry Date	Exercise Price	Balance at start of year	Options Issued during the period	Exercised during the period	Forfeited during the period	Balance at end of the period	Vested & exercisable at end of the period
			Number	Number	Number	Number	Number	Number
12/9/2017	12/9/2022	$0.20	5,000,000	–	–	–	5,000,000	5,000,000
22/1/2018	22/1/2023	$0.20	3,250,000	–	–	(1,700,000)	1,550,000	–
22/1/2018	22/1/2023	$0.20	2,000,000	–	–	–	2,000,000	–
			10,250,000	–	–	(1,700,000)	8,550,000	5,000,000

The following table sets out the assumptions made in determining the fair value of the options granted during the financial year using the Black-Scholes option pricing model:

2021	Options granted 4 December 2020	Options granted 4 December 2020
Expected volatility (%)	296	206
Risk free interest rate (%)	0.06	0.77
Weighted average expected life of options (years)	2	5
Expected dividends	Nil	Nil
Option exercise price (cents)	20	20
Share price at grant date (cents)	3	3
Fair value of option (cents)	2.6	2.6
Number of options	5,000,000	33,600,000
Expiry date	29 September 2022	4 December 2024
Vesting date	29 September 2022	4 December 2023
Share-based payment expensed recognised for the year ended 30 June 2021 ($)	25,126	167,712

2021	Options granted 4 December 2020	Options granted 4 December 2020
Expected volatility (%)	206	206
Risk free interest rate (%)	0.77	0.77
Weighted average expected life of options (years)	5	5
Expected dividends	Nil	Nil
Option exercise price (cents)	20	20
Share price at grant date (cents)	3	3
Fair value of option (cents)	2.6	2.6
Number of options	2,300,000	1,300,000
Expiry date	4 December 2024	4 December 2024
Vesting date	3 December 2021	4 December 2020
Share-based payment expensed recognised for the year ended 30 June 2021 ($)	34,535	34,160

b) Performance shares

2021

Grant date	Expiry date	Balance at start of year	Granted during the period	Forfeited/ Reclassified during the period	Balance at end of the period	Vested & exercisable at end of the period
		Number	Number	Number	Number	Number
12/9/2017	12/9/2022	50,000,000	–	(50,000,000)	–	–
4/12/2020	30/6/2022	–	7,000,000	–	7,000,000	–
4/12/2020	30/6/2023	–	2,100,000	–	2,100,000	–
4/12/2020	4/12/2023	–	882,000	–	882,000	–
4/12/2020	4/12/2024	–	4,450,000	–	4,450,000	–
		50,000,000	14,432,000	(50,000,000)	14,432,000	–

The 50.0 m Performance Share relating to the Company's IPO vested and on 4 December 2020 were converted into ordinary shares. No other Performance shares were exercised during the financial year ended 30 June 2021.

2020

Grant Date	Expiry Date	Balance at start of year	Granted during the period	Exercised during the period	Balance at end of the period	Vested & exercisable at end of the period
		Number	Number	Number	Number	Number
12/9/2017	12/9/2022	–	50,000,000	–	50,000,000	–
		–	50,000,000	–	50,000,000	–

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

The following table sets out the assumptions made in determining the fair value of the performance rights granted during the financial year using the Black-Scholes option pricing model:

2021	Class A Granted 4 December 2020	Class B Granted 4 December 2020
Expected volatility (%)	296	216
Risk free interest rate (%)	0.06	0.20
Weighted average expected life of rights (years)	2	3
Rights exercise price (cents)	–	–
Fair value of right (cents)	2.6	2.9
Number of rights	7,000,000	2,100,000
Probability	0%	100%
Expiry date	30 June 2022	4 December 2023
Vesting date	30 June 2021	4 December 2021
Share-based payment expensed recognised for the year ended 30 June 2021 ($)	Nil	34,705

2021	Class C Granted 4 December 2020	Short-Term Rights Granted 4 December 2020
Expected volatility (%)	216	206
Risk free interest rate (%)	0.20	0.77
Weighted average expected life of options (years)	3	5
Rights exercise price (cents)	–	–
Fair value of right/options (cents)	2.9	2.6
Number of rights	882,000	4,450,000
Probability	100%	100%
Expiry date	4 December 2023	5 December 2020
Vesting date	4 December 2021	4 December 2020
Share-based payment expensed recognised for the year ended 30 June 2021 ($)	14,576	99,416

Note 24. Financial risk management

Financial risk management objectives

The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

Risk management is carried out by senior management under direction of the Board. The Board provides principles for overall risk management, as well as policies covering specific areas.

The consolidated entity is not materially exposed to changes in interest rates in its activities.

The company's financial instruments comprise mainly of deposits with banks, trade receivables and trade payables.

The company's activities expose it to a variety of financial risks: foreign exchange risk, credit risk, and liquidity risk.

Foreign currency risk

The consolidated entity has transactional currency exposures. Such exposure arose from sales or purchases by an operating entity in currencies other than the functional currency.

At the reporting date, the consolidated entity had the following exposures to foreign currency in Chinese Yuan Renminbi (CNY$) that are not designated in cash flow hedges:

	Consolidated	
	2021 CNY$	2020 CNY$
Financial assets		
Cash and cash equivalents	435,698	74,508
Trade and other receivables*	254,172	–
Total financial assets	689,780	74,508
Financial liabilities		
Trade and other payables*	270,304	4,889
Total financial liabilities	270,304	4,889

At the reporting date, the consolidated entity had the following exposures to foreign currency in New Zealand Dollar (NZD$) that are not designated in cash flow hedges:

	Consolidated	
	2021 NZD$	2020 NZD$
Financial assets		
Cash and cash equivalents	2,046,131	2,055,874
Trade and other receivables*	158,120	23,208
Total financial assets	2,204,251	2,079,082
Financial liabilities		
Trade and other payables*	1,296,412	1,325,836
Total financial liabilities	1,296,412	1,325,836

**Includes loans with parent entity and other entities within the consolidated entity.*

Credit risk
The maximum exposure to credit risk by class of recognised financial assets at reporting date is equivalent to the carrying value and classification of those financial assets (net of any provisions) as presented in the statement of financial position.

Trade and other receivables that are neither past due nor impaired are considered to be of high credit quality. Cash and security deposits are held with financial institutions with high credit ratings.

The consolidated entity does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the consolidated entity.

Liquidity risk
Liquidity risk arises from the possibility that the consolidated entity might encounter difficulty in settling its debts or otherwise meeting its obligation related to financial liabilities. Management monitors the rolling forecasts of the consolidated entity's cash and financial assets on the basis of expected cashflows. This is generally carried out at a local level in the operating companies of the consolidated entity in accordance with the practice and limits set by the group. In addition, the consolidated entity's liquidity management policy involves preparing forwarding looking cash flow analysis in relation to its operational, investing and financial activities.

Note 25. Related party transactions

a) Parent entity

Aumake Limited is the parent entity.

b) Subsidiary

Interests in subsidiaries are set out in Note 30.

c) Key management personal compensation

Disclosures relating to key management personnel are set out as below and the remuneration report included in the Directors' Report.

The aggregate compensation made to key management personnel of the consolidated entity is set out below:

	Consolidated	
	2021 $	2020 $
Short-term employee benefits	1,458,578	868,077
Post-employment benefits	76,516	66,448
Share-based payments	279,475	–
	1,814,569	934,525

(d) Other transactions with key management personnel and their related parties

	2021 $	2020 $
EC Capital Trust – related party to Jacky Yang		
Consideration payments to Broadway vendor companies	(242,523)	(2,481,500)
Rent and outgoings	(957,019)	(535,322)
Total paid during the year	(1,199,542)	(3,016,822)

EC Capital Pty Ltd (EC Capital) is a trustee of EC Capital Trust, of which Jacky Yang is a beneficiary. EC Capital holds a non-controlling interest in Maxbuy, and a controlling interest in Broadway Tax, Gold Port and Coral Legend. As such, Broadway Tax, Maxbuy, Gold Port and Coral Legend are related parties of the Company by virtue of their association with Mr Yang.

Note 26. Remuneration of auditors

The following fees were paid or payable for services provided by RSM Australia Partners:

	Consolidated	
	2021 $	2020 $
Audit or review of the financial statements	129,550	130,500
Other services – technical accounting advice	6,325	–
	135,875	130,500

Note 27. Loss on impairment of assets

	Consolidated	
	2021 $	2020 $
Leased property asset	963,841	–
Goodwill	10,509,851	–
	11,473,692	–

The Group has ceased operating out of Q1 (Surfers Paradise) and the China Town (Sydney) stores but still has Lease Agreements in place re these locations. As these sites are no longer revenue generating, the Group has ceased to recognise the future rental payments as right-of-use assets and impair this value.

COVID-19 has forced the Group to close all non-profitable stores and as a result the Group can no longer justify the Goodwill and as a result, this asset has fully impaired.

Note 28. Contingent assets and liabilities

Contingent assets

The Directors are not aware of any contingent assets as at 30 June 2021 and 30 June 2020.

Contingent liabilities

The consolidated entity has given bank guarantees as at 30 June 2021 of $185,097 (2020: $476,867) to various landlords.

Other than the above, there is no contingent liability as at 30 June 2021 and 30 June 2020.

Note 29. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of financial position

	2021 $	2020 $
Assets		
Current assets	1,239,383	104,815
Non-current assets	1,569,869	22,724,143
Total assets	2,809,252	22,828,958
Liabilities		
Current liabilities	241,732	6,801,408
Non-current liabilities	127,654	–
Total liabilities	369,386	6,801,408
Net assets	2,439,866	16,027,550
Equity		
Issued capital	93,931,231	73,295,683
Reserve	1,884,638	5,442,114
Accumulated losses	(93,376,003)	(62,710,247)
Total equity	2,439,866	16,027,550

Statement of profit or loss and other comprehensive income

	2021 $	2020 $
Loss for the year	(31,722,870)	(1,943,134)
Total comprehensive loss	(31,722,870)	(1,943,134)

Guarantees entered into by the parent entity

The parent entity has not entered into any guarantees as of 30 June 2021 and 30 June 2020.

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2021 and 30 June 2020 other than as disclosed in Note 28.

Commitments

The parent entity had no capital commitments as at 30 June 2021 and 30 June 2020.

Note 30. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following wholly owned subsidiaries in accordance with the accounting policy described in Note 1:

		Ownership interest	
Name	Principal place of business / Country of incorporation	30 June 2021 %	30 June 2020 %
Parent entity			
Aumake Limited (formerly Aumake International Limited)	Australia		
Name of controlled entity			
ITM Corporation Ltd	Australia	100%	100%
Aumake Australia Pty Ltd	Australia	100%	100%
Jumbuck Australia Pty Ltd	Australia	49%	49%
168 Express Pty Ltd	Australia	100%	100%
Newera Australia Pty Ltd	Australia	100%	100%
Kiwibuy Australia Pty Ltd	Australia	100%	100%
Medigum Honey Pty Ltd	Australia	50%	50%
One Kangaroo Ltd	China	100%	100%
Syd Star Pty Ltd	Australia	100%	100%
Gold Harbour Pty Ltd	Australia	100%	100%
Round Forest Pty Ltd	Australia	100%	100%
M Best Pty Ltd	Australia	100%	100%
Broadway Australia Pty Ltd	Australia	100%	100%
AUBW Pty Ltd	New Zealand	100%	100%

Whilst Aumake Limited does not hold any direct ownership in Hangzhou Ouyi Brand Management, the Agreements that are in place over its contribution, effectively provides the Aumake Limited with control and 76% of the business results.

Note 31. Events after the reporting period

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has been financially negative for the consolidated entity up to 30 June 2021, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Note 32. Reconciliation of profit before income tax to net cash from operating activities

	Consolidated	
	2021 $	2020 $
Loss for the year	(20,147,809)	(5,147,947)
Adjustments for:		
Loss on impairment of assets	11,473,692	–
Share-based payment	410,230	261,267
Interest expenses	–	2,676
Depreciation of assets	137,147	3,321,710
Net loss on disposal of non-current assets	1,242,129	656,518
Amortisation of intangible assets	302,160	302,161
Changes in operating assets and liabilities		
Trade and other receivables	278,498	118,216
Trade and other payables	(1,785,746)	456,381
Inventories	(66,917)	3,355,428
Provisions	166,622	(317,275)
Net cash outflow from/(used in) operating activities	(7,989,994)	3,009,135

Note 33. Loss per share

	Consolidated	
	2021 $	2020 $
Basic loss per share (cents)	(3.75)	(1.55)
Diluted loss per share (cents)	(4.43)	(1.55)
Net loss used in the calculation of basic loss per share and diluted loss per share	(20,147,809)	(5,147,947)
Weighted average number of ordinary shares outstanding during the year used in calculating diluted loss per share	454,412,244	302,232,494

Options have not been included in the calculation of dilutive loss per shares as the options are anti-dilutive.

Directors' declaration

30 June 2021

In the Directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in Note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2021 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

The Directors have been given the declarations required by section 295A of the *Corporations Act 2001*.

Signed in accordance with a resolution of Directors made pursuant to section 295(5)(a) of the *Corporations Act 2001*.

On behalf of the Directors

Keong Chan
Executive Chairman

30 September 2021

Sydney

Independent auditor’s report to the members of Aumake Limited

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**INDEPENDENT AUDITOR’S REPORT
TO THE MEMBERS OF
AUMAKE LIMITED**

Opinion

We have audited the financial report of Aumake Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the Corporations Act 2001, including:

(i) Giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year then ended; and

(ii) Complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the 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 Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed this matter
Going Concern Refer to Note 1 in the financial statements	
For the year ended 30 June 2021, the Group incurred a loss of $20,147,809 and had net cash outflows from operating activities and investing activities of $7,989,994 and $2,593,223 respectively. As at that date, the Group had net current liabilities of $3,702,894. The directors' have prepared the financial report on a going concern basis based on a cash flow forecast which considers the factors disclosed in Note 1. We determined this assessment of going concern to be a key audit matter due to the significant judgements involved in preparing the cash flow forecast.	Our audit procedures included: • Assessing the appropriateness and mathematical accuracy of the cash flow forecast prepared by management; • Challenging the reasonableness of the key assumptions used in the cash flow forecast; • Critically assessing the directors' reasons of why they believe it is appropriate to prepare the financial report on a going concern basis; and • Assessing the adequacy of the going concern disclosures in the financial report.
Intangible Assets Refer to Note 13 in the financial statements	
The Group has agency relationships of $5,438,887 as at 30 June 2021 relating to its acquisition of a business in the prior years. For the year ended 30 June 2021, the Group recognised an impairment expense of $10,509,851 in relation to goodwill. Management is required to perform an annual impairment test on the recoverability of the Group's goodwill by using a value-in-use model. In addition, management is required to assess whether indicators of impairment are present in relation to the Group's other intangible assets. We determined this to be a key audit matter due to the size of the balance and because management judgement is involved in: - preparing a value-in-use model of the cash generating unit (CGU) which requires estimates of the future underlying cash flows of the CGU and the discount rate applied; - assessing whether indicators of impairment are present in relation to the Group's other intangible assets; and - determining the impairment expense to be recognised, if required.	Our audit procedures included: • Assessing management's determination of the CGU; • Conducting a review of the appropriateness of the value-in-use model used; • Challenging the reasonableness of key assumptions used in the model; • Reviewing sensitivity analysis over the key assumptions used in the model; • Assessing the appropriateness of the impairment expense in relation to goodwill; and • Reviewing the adequacy and accuracy of the relevant disclosures in the financial statements

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Plant and Equipment and Right-of-Use Assets Refer to Note 11 and 12 in the financial statements	
The carrying amount of the Group’s plant and equipment (PPE) and right-of-use assets (RUA) amounted to $1,051,618 and $2,850,381 respectively as at 30 June 2021. Management has performed an impairment assessment on the PPE and RUA due to the presence of impairment indicators as at 30 June 2021. We determined this area to be a key audit matter as management’s assessment of the value-in-use of the cash generating unit (CGU) involves judgement about the future cash flow projections and the discount rate applied.	Our audit procedures included: • Assessing management’s determination of the CGU; • Conducting a review of the appropriateness of the value-in-use model used; • Challenging the reasonableness of key assumptions used in the model; and • Reviewing sensitivity analysis over the key assumptions used in the model.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2021 but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/auditors_responsibilities/ar2.pdf. This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Aumake Limited, for the year ended 30 June 2021, complies with section 300A of the Corporations Act 2001.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

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RSM AUSTRALIA PARTNERS

TUTU PHONG
Partner

Perth, WA
Dated: 30 September 2021

Shareholder information

30 June 2021

The shareholder information set out below was applicable as at 30 July 2021.

a) Distribution of holdings of fully paid ordinary shares

Range	Total holders	Units	% Units
1 – 1000	1,233	131,357	0.02
1,001 – 5,000	651	1,823,556	0.30
5,001 – 10,000	362	2,982,665	0.49
10,001 – 100,000	934	35,390,164	5.84
100,001 Over	471	566,131,932	93.35
	3,651	**606,459,674**	**100.00**

2,606 shareholders hold less than a marketable parcel of shares, being a market value of less than $500.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

b) Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

Rank	Name	Units	% of Units
1	ZHOUS AUSTRALIA HOLDING PTY LTD <ZHOUS AUSTRALIA HOLDING A/C>	62,493,672	10.30
2	MS NANCY ZHANG	29,420,713	4.85
3	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	27,123,128	4.47
4	MS LIESL CHAN <CHAN FAMILY A/C>	24,479,167	4.04
5	PAN WOODS GLOBAL LIMITED	16,666,667	2.75
6	JONATHAN ALEXANDER FEIL	13,850,000	2.28
7	MS NACY ZHANG	12,780,471	2.11
8	GUOPING YAO	12,639,068	2.08
9	CHEN & XING PTY LTD <THE GANG XU SUPER FUND A/C>	12,500,000	2.06
10	CHINA RISE FINANCIAL HOLDING INVESTMENT CO LTD	11,500,000	1,90
11	EC CAPITAL PTY LTD <EC CAPITAL A/C>	10,092,748	1.66
12	ILWELLA PTY LTD <NO 2 A/C>	9,533,333	1.57
13	VIRPEZ DEVELOPMENTS PTY LTD	9,100,000	1.50
14	CITICORP NOMINEES PTY LIMITED	8,972,042	1.48
15	JING WANG	8,487,624	1.40
16	JEMING XIONG	7,924,343	1.31
17	MR GUOXIAN ZHENG	7,230,000	1.19
18	HUNTER CAPITAL ADVISORS P/L	6,998,959	1.15
19	GUOPING YAO	6,819,404	1.12
20	EDLOU INVESTMENTS PTY LIMITED	6,500,000	1.07
Total: Top 20 holders of Ordinary fully paid shares		**305,111,339**	**50.31**
Total: Remaining holders balance		**301,348,335**	**49.69**

c) Unquoted equity securities

	Number on issue	Number of holders
Options over ordinary shares issued	45,750,000	19
Performance rights – Class A	7,000,000	4
Performance rights – Class B	2,100,000	1
Performance rights – Class C	882,000	1
Performance rights – short-term loyalty	4,450,000	23
	14,432,000	

d) Substantial holders

Substantial holders in the company as at 30 June 2021 were:

	Ordinary shares	
	Number held	**% of total shares issued**
Jiahua Zhou	62,560,672	11.63
Liesl Chan	26,793,376	4.98
Nancy Zhang	18,518,297	3.44

Voting rights

The voting rights attached to ordinary shares are set out below:

Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There are no other classes of equity securities.

e) Restricted securities

There are no restricted shares on issue.

f) Securities subject to voluntary escrow

Class	Expiry date	Number of shares
Ordinary shares	23 July 2021	17,232,496
Ordinary shares	23 July 2022	1,548,959
Ordinary shares	23 July 2022	34,868,857
Ordinary shares	7 January 2022	2,325,581
		55,975,893

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www.aumake.com.au