

JATCORP LIMITED

ABN 31 122 826 242

ASX Appendix 4D

**RESULTS FOR ANNOUNCEMENT TO THE MARKET FOR THE SIX MONTHS ENDED 31 DECEMBER
2021**

The following information should be read in conjunction with both the Financial Report and the year ended 30 June 2021 and the Interim Report for the half year ended 31 December 2021 and the attached auditor's review report.

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

Reporting period: Half-year from 1 July 2021 to 31 December 2021.

Previous corresponding period: Half-year from 1 July 2020 to 31 December 2020.

Results for announcement to the market

	31 December 2021		31 December 2020
Revenue from Ordinary activities for the period	\$16,042,583	Up 19% from	\$13,490,661
Net loss from the ordinary operating activities after tax	\$(4,467,680)	Down 79% from	\$(2,494,640)
Net loss from the ordinary operating activities after tax attributable to the members of the Parent	\$(3,225,369)	Down 7% from	\$(3,006,643)
Earnings per share (cents) – Basic	(0.36)	Down 19% from	(0.30)
Earnings per share (cents) - Dilutive	(0.36)	Down 44% from	(0.25)
Net Tangible assets per ordinary share - Basic	\$0.000	Up 101% from	\$(0.019)
Net Tangible assets per ordinary share - Dilutive	\$0.000	Up 101% from	\$(0.017)

Comments

The Group incurred a loss after tax attributable to members of \$4,467,680 for the six months to 31 December 2021 (31 December 2020: \$2,494,640 loss). The remainder of the information requiring disclosure to comply with ASX Listing Rule 4.2A.3 is contained in the attached financial report for the half year ended 31 December 2021.

Details of Subsidiaries

During the period, Jatcorp established a new subsidiary company JP Global Trading Pty Ltd (50% interest).

Dividends

No dividends were declared or paid by the group or its subsidiaries.

Details of associates and joint venture entities

JWR International Limited.

Details of foreign entities

Wholly owned subsidiary Hangzhou JAT Food Group Co.

Audit modified opinion, emphasis of matter or other matter

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



CORPORATE DIRECTORY

Directors:

Mr. Wilton Yao
Managing Director

Mr. Brett Crowley
Non-Executive Chairman

Mr. Xin Sun
Non-Executive Director

Company Secretary:

Mr. Justyn Stedwell (resigned on 3rd February 2022) and Mr Brett Crowley

Registered Office:

Suite 306, 521 Toorak Road
TOORAK VIC 3142
Phone: +61 03 9090 7592

Website:

www.jatcorp.com

Share Registry:

Automic Pty Ltd
Level 5, 126 Philip Street
Sydney NSW 2000
Phone: +61 2 9698 5414

Auditor:

LNP Audit and Assurance Pty Ltd
Level 8, 309 Kent Street
SYDNEY NSW 2000

Stock Exchange Listing:

Jatcorp Limited shares are listed on the
Australian Securities Exchange (ASX) under JAT.

JATCORP LIMITED AND CONTROLLED ENTITIES

Financial Report for The Half Year Ended 31 December 2021

CONTENTS	Page
Directors' Report	1
Auditor's Independence Declaration	5
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	6
Condensed Consolidated Statement of Financial Position	7
Condensed Consolidated Statement of Changes in Equity	8
Condensed Consolidated Statement of Cash Flows	9
Notes to the Condensed Consolidated Financial Statements	10
Directors' Declaration	19
Independent Auditor's Review Report	20

JATCORP LIMITED AND CONTROLLED ENTITIES

FOR THE HALF YEAR ENDED 31 DECEMBER 2021

Directors' Report

The Directors present their report on Jatcorp Limited ("JAT") and its controlled entities ('the Group'), for the half-year ended 31 December 2021.

Directors

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

- Mr Brett Crowley, Non-Executive Chairman
- Mr Wilton Yao, Executive Managing Director
- Mr Sun Xin, Non-Executive Director

Review of Operations

The revenue of the Group has increased during the current period to \$16,042,583 (31 December 2020: \$13,490,661). The increased revenue represents a strong rebound in China sales indicating that the obstacles caused by Covid-19 and the challenging macro political environment are being overcome. The Group's trading activities resulted in gross profit of \$3,941,955 for the half year ended 31 December 2021 (31 December 2020: \$5,454,058).

The consolidated loss after providing for income tax of the Group for the half-year ended 31 December 2021 amounted to \$4,467,680 (31 December 2020: \$2,494,640 loss).

The following table summaries key financials

	31 December 2021	31 December 2020
Revenue	16,042,583	13,490,661
Gross Profit	3,941,955	5,454,058
Gross Profit %	25%	40%
EBITDA	(3,105,243)	1,825,914
EBITDA %	(19%)	14%
Adjusted EBITDA	(1,541,072)	1,580,621
Adjusted EBITDA %	(10%)	12%
Loss after tax	(4,467,680)	(2,494,640)
Net cash in operating activities	(511,906)	1,325,264

JAT continued with its strategy of:

1. expanding its China-located business;
2. developing its own proprietary products;
3. expanding and improving its ANMA manufacturing facility;
4. mitigating risk by manufacturing products outside Australia;
5. increasing sales in the Australian market leveraging its in-house brands and imported products; and
6. expanding export countries including South Korea, Japan and Thailand to reduce reliance on the China market.

JATCORP LIMITED AND CONTROLLED ENTITIES

FOR THE HALF YEAR ENDED 31 DECEMBER 2021

Directors' Report

Trading Highlights

Sales of JAT's in-house brands through its growing networks in Australia were adversely affected by lockdowns in NSW and Victoria. JAT expects sales will increase throughout calendar 2022.

JAT commenced distributing in Australia the products of leading Chinese brand, BabyCare. The products are now on sale through the major channels and pharmacy stores. JAT continues to expand its operation for distributing of overseas brands in Australia market.

JAT products have commenced to be distributed on the JD.com and Tmall.com Chinese platforms. These products include JAT's in-house milk formulas, Moroka and Ione.

The South Korean regulatory authority approved JAT's Jinvigorate Diabetic Formula to be recognised as a medical food in hospitals and clinics. Sales of the product into South Korea is expected to commence in the March 2022 quarter.

JAT is continuing to develop its milk formula products which were the subject of The University of Sydney research project announced on 17 May 2021. Those products demonstrated promising antiviral activity against the SARS-CoV-2 virus in an in vitro assay. RMIT commenced scientific testing of JAT's Immune Support formulas to assess anti Covid-19 (Delta and Omicron variants) potential, including clinical trials on these products on human subjects with Commonwealth Government funding support.

JAT's plant-based meats products are being produced in China and commenced first commercial sales in December 2021.

Work is continuing on obtaining Therapeutic Goods Administration registration for JAT's ANMA factory and its supplementary food products.

ANMA has completed the upgrade of its facilities and continues to secure significant manufacturing agreements with third parties as well as producing the products developed by JAT and its subsidiary, Sunnya Pty Limited. ANMA had its infant milk formula export license for China through general trading channels renewed for a further four years to 31 December 2025.

JAT's Shanghai Boutique opened in December 2021. Since opening the Boutique, the online sales of a number of products displayed have increased significantly.

JAT's e-commerce platform, JATLIFE, went live. The platform is accepting orders for a wide range of products provided by suppliers from both Australia and overseas. The increasing range of JAT's in-house brands will also be made available on JATLIFE.

Business outlook

JAT's revenue growth in the half-year indicates many of the obstacles caused by Covid-19 and the challenging macro political environment are being overcome.

In the last year, JAT has put in place the strategies set out above, dramatically improved the quality and capacity of the ANMA factory and developed a number of new JAT products which are now positioned in the market. The directors believe that these strategies together with the improved international environment will drive a significant increase in revenue for the second half of the 2022 financial year and beyond.

JATCORP LIMITED AND CONTROLLED ENTITIES

FOR THE HALF YEAR ENDED 31 DECEMBER 2021

Directors' Report

The directors expect an increase in revenue to be driven by:

- Additional contracts have been obtained by ANMA resulting in it having a very strong order book. These contracts have been supported by deposits being paid by customers prior to delivery. By end of February 2022 ANMA's sales are expected to increase by 100% from previous month despite a shorter month and Chinese New Year holiday. Further increase (approximately 50%) is expected in the June Quarter 2022.
- New products developed by JAT have been welcomed by both local pharmacy chains and overseas distributors. The Company is confident the sale of those products will generate significant revenue.
- Sales are rebounding in China and new sales are being made into other countries including South Korea, Japan and Thailand. A Korean language version of Jinvigorate Diabetic Formula expects to be ready for Korean market in June Quarter 2022.
- JAT continues to expand its operation for distributing overseas brands from China and South Korea etc. Sales in Australia of BabyCare and other products have commenced and sales will increase once more brands and products are distributed.
- JAT will expand its plant-based product range from meats only to plant-based snacks and drinks. The new range of products have been developed by JAT and are expected to be released into the local and overseas markets during the March 2022 quarter.
- The cobranding agreement of Cocosoul and Moroka immune support products will be exclusively distributed by Saputo into worldwide market which will bring a great opportunity for JAT, not only bring significant revenue to the company, but also increase the Moroka brand's recognition around the world and create more market opportunities for other products to enter into the global market.

Share buy-back

As announced in July 2020, JAT completed a share buy-back after gaining shareholder approval at a general meeting on 18 June 2020. The buy-back was of 7,361,900 ordinary shares issued to shareholders as a result of a systems error as part of a December 2017 Share Purchase Plan. There are a number of shareholders who have not yet entered into buy-back agreements, amounting to 840,000 shares, and JAT will continue to take appropriate action against those shareholders, including court proceedings to seek orders for cancellation of those shares.

Finance

In July 2021, the Company raised \$2.961 million through the issue of 155,833,324 fully paid ordinary JAT shares under a placement to sophisticated and professional investors at an issue price of A\$0.019 per share. Each subscriber for shares received one free option for every two shares, the option having a strike price of five cents and an expiry date of 29 July 2023. The lead manager of the placement was paid a lead manager fee of 6% of funds raised and been issued with 35 million options at an exercise price of five cents per share and an expiry date of 29 July 2023.

JAT extended the repayment date of its \$5 million loan from Topwei Two Pty Limited to 31 March 2022. Funds raised from the SPP (see below) will be used to repay the Topwei loan. The Board believes JAT will have solid profit once the high interest payments are significantly reduced.

Dividends

No dividend has been declared or paid by Jatcorp (Parent company) or by the subsidiary company during the half year ended 31 December 2021.

Significant Events since Balance Sheet Date

Share Purchase Plan

On 16 February 2022, the Company announced a Share Purchase Plan (SPP) which offers existing shareholders the opportunity to acquire up to \$30,000 worth of ordinary fully paid shares in the Parent Company without incurring any brokerage. The SPP aimed at raising up to \$6 million at an issue price of 1.9 cents per share. The SPP will not be underwritten. The closing date for the SPP is 4 March 2022.

JATCORP LIMITED AND CONTROLLED ENTITIES FOR THE HALF YEAR ENDED 31 DECEMBER 2021

Directors' Report

Significant Events since Balance Sheet Date (continued)

Performance Rights

On 27 January 2022, a total of 15,000,000 options were issued to directors of the Parent Company under the Performance Rights Plan. The issue of the Performance Rights options was approved by shareholders pursuant to ASX listing rule 10.14 at a General Meeting held on 24 September 2019.

On 3 February 2022, 5,000,000 options were vested and exercised at \$0.017 per share. No consideration has been paid or payable by the registered holder.

Share buy back

On 19 January 2022 and 1 February 2022, a total of 560,000 shares were bought back under share buy-back agreement.

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

Auditors Independence Declaration

A copy of the auditor's independent declaration, as required under section 307C of the *Corporation Act 2001* is set out on page 5.

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



Brett Crowley

Director

Dated this 28th day of February 2022

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

As lead auditor of Jatcorp Limited for the half-year ended 31 December 2021, I declare that, to the best of my knowledge and belief, there have been:

1. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
2. no contraventions of any applicable code of professional conduct in relation to the review.

LNP Audit and Assurance Pty Ltd



Anthony Rose

Director

Melbourne, 28 February 2022

**JATCORP LIMITED AND CONTROLLED ENTITIES
FOR THE HALF YEAR ENDED 31 DECEMBER 2021**

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME FOR THE HALF YEAR ENDED 31 DECEMBER 2021**

		31 December 2021	31 December 2020
	Note	\$	\$
Revenue		16,042,583	13,490,661
Cost of Sales		(12,100,628)	(8,036,603)
Gross Profit		3,941,955	5,454,058
Other Income		383,652	766,829
Advertising & Marketing		(2,283,614)	(536,943)
Administration Expenses		(3,030,158)	(1,986,282)
Other Expenses		(537,817)	(1,203,415)
Finance Costs	10	(620,033)	(1,757,308)
Share Based Payments		(91,491)	(668,333)
Depreciation & Amortisation		(562,762)	(1,528,305)
Impairment	5	(1,487,770)	-
Loss Before Income tax		(4,288,038)	(1,459,699)
Income Tax Expense		(179,642)	(1,034,941)
Total Comprehensive Loss for the period		(4,467,680)	(2,494,640)
Loss attributable to:			
- Members of parent entity		(3,225,369)	(3,006,643)
- Non-controlling interest		(1,242,311)	512,003
		(4,467,680)	(2,494,640)
Loss per share for loss attributable to the ordinary equity holders of the company		Cents	Cents
Basic loss per share		(0.36)	(0.30)
Diluted loss per share		(0.36)	(0.25)

These financial statements should be viewed with the accompanying notes

**JATCORP LIMITED AND CONTROLLED ENTITIES
FOR THE HALF YEAR ENDED 31 DECEMBER 2021**

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT HALF YEAR
ENDED 31 DECEMBER 2021**

	Note	31 December 2021 \$	30 June 2021 \$
CURRENT ASSETS			
Cash & Cash Equivalents		8,137,623	6,414,713
Trade and Other Receivables		1,765,138	1,890,546
Inventory		3,874,896	3,654,822
TOTAL CURRENT ASSETS		13,777,657	11,960,081
NON-CURRENT ASSETS			
Property, Plant and Equipment		5,263,298	5,221,040
Trade and Other Receivables		74,848	84,629
Right of Use Asset		3,804,098	4,078,384
Investment in Joint Ventures		301,632	365,266
Intangible Assets	5	5,199,022	6,809,642
TOTAL NON-CURRENT ASSETS		14,642,898	16,558,961
TOTAL ASSETS		28,420,555	28,519,042
CURRENT LIABILITIES			
Trade and Other Payable		5,839,120	4,267,018
Borrowings	6	6,729,122	6,902,080
Lease Liabilities		453,682	423,364
Tax Liabilities		119,772	591,915
Provision for Employee Benefits		294,321	228,191
Other Liabilities		-	600,000
TOTAL CURRENT LIABILITIES		13,436,017	13,012,568
NON-CURRENT LIABILITIES			
Borrowings	6	1,608,356	1,097,267
Lease Liabilities		3,794,167	4,029,188
Deferred Tax Liabilities		458,100	458,100
TOTAL NON-CURRENT LIABILITIES		5,860,623	5,584,555
TOTAL LIABILITIES		19,296,640	18,597,123
NET ASSETS		9,123,915	9,921,919
EQUITY			
Contributed Equity	4	80,837,454	77,859,269
Share Option Reserve		1,091,491	400,000
Accumulated Losses		(76,421,224)	(73,195,855)
Total Parent Equity		5,507,721	5,063,414
Non-controlling Interest		3,616,194	4,858,505
TOTAL EQUITY		9,123,915	9,921,919

These financial statements should be viewed with the accompanying notes

**JATCORP LIMITED AND CONTROLLED ENTITIES
FOR THE HALF YEAR ENDED 31 DECEMBER 2021**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 31 DECEMBER 2021

	Contributed Equity	Non-Controlling Interest	Accumulated losses	Share Options Reserve	Unissued Shares	Collateral Share Reserve	Total Equity
	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2020	63,977,915	11,592,773	(57,864,574)	-	320,175	-	18,026,289
Profit/(loss) for the period	-	512,003	(3,006,643)	-	-	-	(2,494,640)
Dividend declared by Subsidiaries	-	(1,000,000)	-	-	-	-	(1,000,000)
Shares issued during the period net of cost	3,358,195	-	-	-	-	-	3,358,195
Share Options	-	-	-	400,000	-	-	400,000
Derecognition of unissued shares	-	-	-	-	(320,175)	-	(320,175)
Collateral Share Reserve	-	-	-	-	-	(1,437,851)	(1,437,851)
Balance at 31 December 2020	67,336,110	11,104,776	(60,871,217)	400,000	-	(1,437,851)	16,531,818
Balance at 1 July 2021	77,859,269	4,858,505	(73,195,855)	400,000	-	-	9,921,919
Loss for the period	-	(1,242,311)	(3,225,369)	-	-	-	(4,467,680)
Shares issued during the year net of cost	2,978,185	-	-	-	-	-	2,978,185
Share Options	-	-	-	691,491	-	-	691,491
Balance at 31 December 2021	80,837,454	3,616,194	(76,421,224)	1,091,491	-	-	9,123,915

These financial statements should be viewed with the accompanying notes

**JATCORP LIMITED AND CONTROLLED ENTITIES
FOR THE HALF YEAR ENDED 31 DECEMBER 2021**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF YEAR ENDED 31 DECEMBER 2021

	31 December 2021	31 December 2020
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	17,579,934	16,710,383
Payments to suppliers and employees	(17,044,706)	(14,479,512)
Interest received	1,913	1,400
Interest paid	(620,033)	(957,308)
Income taxes paid	(651,785)	(372,376)
Government grants and tax incentives	222,771	422,677
Net cash provided by/(used in) in operating activities	(511,906)	1,325,264
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment	(207,096)	(1,258,602)
Payments for the acquisition of controlled entities	(669,699)	(700,574)
Payments for investment in joint ventures	-	(648)
Net cash used in investing activities	(876,795)	(1,959,824)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from issue of shares	2,978,185	-
Proceeds from borrowings	528,719	839,992
Repayment of borrowings	(190,589)	(3,286,134)
Right of Use asset payment	(204,704)	(196,903)
Dividends paid by Subsidiaries	-	(1,000,000)
Net cash provided by/(used in) in finance activities	3,111,611	(3,643,045)
Net increase/(decrease) in cash and cash equivalents held	1,722,910	(4,277,605)
Cash and cash equivalents at the beginning of the period	6,414,713	11,419,725
Cash and cash equivalents at the end of the period	8,137,623	7,142,120

These financial statements should be viewed with the accompanying notes

JATCORP LIMITED AND CONTROLLED ENTITIES FOR THE HALF YEAR ENDED 31 DECEMBER 2021

Notes to the Condensed Consolidated financial statements

Corporate Information

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

The consolidated financial report of Jatcorp Limited ('the company') together with its controlled entities ('the Group') for the half-year ended 31 December 2021 was approved and authorised for issue by the Board of Directors on 28 February 2022.

General information and basis of preparation

The condensed financial report is a general-purpose financial report prepared in accordance with the *Corporations Act 2001*, applicable Accounting Standards (including AASB 134 Interim Financial Reporting) and other mandatory professional reporting requirements. All amounts are presented in Australian dollars (\$AUD).

The condensed financial report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the annual report for the year ended 30 June 2021 and any public announcements made during the half year to 31 December 2021 in accordance with the continuous disclosure obligations under the Australian Securities and Exchange Listing Rules and the *Corporations Act 2001*.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Group's annual financial report for the financial year ended 30 June 2021.

Note 1 Significant Accounting Policies

(a) Intangible assets

(i) Goodwill

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

(ii) Tradename and customer relationships

Separately acquired tradename and customer relationships are shown at historical cost. Tradename and customer relationships acquired in a business combination are recognised at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses. Tradename has an estimated useful life of ten years and customer relationships has an estimated useful life of five years.

(b) Critical Accounting Estimates and Judgements

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

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

**JATCORP LIMITED AND CONTROLLED ENTITIES
FOR THE HALF YEAR ENDED 31 DECEMBER 2021**

Notes to the Condensed Consolidated financial statements

Note 1 Significant Accounting Policies (continued)

(b) Critical Accounting Estimates and Judgements

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

Intangible assets of \$5,199,022 (June 2021: \$6,809,642) have been recognised in the financial statements. The Group has considered the estimated useful lives of the intangible assets which are amortised and has carefully reviewed all intangible assets for indications of impairment.

- (ii) Recoverability of deposits paid to suppliers

As at 31 December 2021, the Group hold \$978,097 deposits with its suppliers for the purpose of purchasing raw materials and other products. Management has assessed its recoverability and believes that the goods will be received within the required time frame and that deposits held with trading business partner will be returned if the business relationship discontinued in the future.

- (iii) Going Concern

The financial statements have been prepared on a going concern basis. The Group has incurred a loss after tax in the year from continuing operations of \$4,467,680 (December 2020: \$2,494,640 loss), which is driven by non-cash expenses such as depreciation and amortisation totaling \$562,762, high finance costs of \$620,033, impairment loss of \$1,487,770 and increased marketing costs (\$2,283,614). At 31 December 2021, the Group has net current assets of \$341,640 (June 2021: \$1,052,487 net current liabilities) and has surplus of net tangible assets over liabilities of \$3,924,893 (June 2021: \$3,112,277 surplus of net tangible assets over liabilities). The surplus of net tangible assets over liabilities is mainly caused by the increased cash balance and impairment loss on intangible assets. The Group has \$5 million loan due for repayment on 31 March 2022.

The Directors believe that the going concern basis of preparation is appropriate due to: the Group having cash balances of \$8,137,623 (June 2021: \$6,414,713); the Group has raised capital of \$2,978,185 net of cost from external investors during the period and based on recent history of raising capital the Group expects to be able to raise more capital; the Group is expecting continuing growth in revenue through expansion in the Australian and Chinese Markets through its acquired subsidiaries; and the Directors consider the Group is able to scale back activities in order to preserve cash should this be required.

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

**JATCORP LIMITED AND CONTROLLED ENTITIES
FOR THE HALF YEAR ENDED 31 DECEMBER 2021**

Notes to the Condensed Consolidated financial statements

Note 1 Significant Accounting Policies (continued)

(c) Segment reporting

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

(d) Impact of standards issued but not yet effective

Certain new accounting standards and interpretation have been published that are not mandatory for the 31 December 2021 reporting period. The Group does not intend to adopt the standards before the effective date.

Note 2 Commitment, Contingent Liabilities and Contingent Assets

The Group does not have any contingent liabilities or commitment as at 31 December 2021.

Note 3 Significant Events since Balance Sheet Date

Share Purchase Plan

On 16 February 2022, the Company announced a Share Purchase Plan (SPP) which offers existing shareholders the opportunity to acquire up to \$30,000 worth of ordinary fully paid shares in the Parent Company without incurring any brokerage. The SPP aimed at raising up to \$6 million at an issue price of 1.9 cents per share. The SPP will not be underwritten. The closing date for the SPP is 4 March 2022.

Performance Rights

On 27 January 2022, a total of 15,000,000 options were issued to directors of the Parent Company under the Performance Rights Plan. The issue of the Performance Rights options was approved by shareholders pursuant to ASX listing rule 10.14 at a General Meeting held on 24 September 2019.

On 3 February 2022, 5,000,000 options were vested and exercised at \$0.017 per share. No consideration has been paid or payable by the registered holder.

Share buy back

On 19 January 2022 and 1 February 2022, a total of 560,000 shares were bought back under share buy-back agreement.

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

**JATCORP LIMITED AND CONTROLLED ENTITIES
FOR THE HALF YEAR ENDED 31 DECEMBER 2021**

Notes to the Condensed Consolidated financial statements

Note 4 Contributed Equity

(a) Share capital	As at 31 December 2021	As at 30 June 2021
	\$	\$
Ordinary Shares		
Fully paid shares	80,837,454	77,859,269

(b)	As at 31 December 2021	As at 30 June 2021	As at 31 December 2021	As at 30 June 2021
	\$	\$	No.	No.
Movements in Ordinary Share Capital				
Balance at the beginning of period	77,859,269	63,977,915	1,651,957,672	934,548,092
July 2020 Share Allotment to Obsidian Global @\$0.037		1,813,000		49,000,000
July 2020 Share Allotment to Anglo Menda @\$0.05		200,000		4,000,000
Cancellation of Shares 3,500,000				(3,500,000)
August 2020 conversion of 125,000 notes to 8,070,452 shares @\$0.0258		208,217		8,070,451
October 2020 conversion of 125,000 notes to 10,074,783 shares @\$0.02087		210,260		10,074,783
November 2020 Share Allotment 10,248,227 @\$0.01999		204,862		10,248,227
11 December 2020 Share Allotment 16,563,634 @\$0.01947		322,494		16,563,634
17 December 2020 Share Allotment 20,585,620 @\$0.01940		399,361		20,585,620
22 January 2021 Share Allotment 10,159,229 @\$0.019		193,025		10,159,229
31 January 2021 Share Allotment 158,976,967 @\$0.019		2,827,537		148,817,738
1 February 2021 Share Allotment 16,507,552 @\$0.019		313,643		16,507,552
9 February 2021 Share Allotment 51,623,135 @\$0.01805		931,798		51,623,135
15 February 2021 Share Allotment 32,036,428 @\$0.01805		578,258		32,036,428
15 February 2021 Share Allotment 30,267,570 @\$0.019		575,084		30,267,570
Cancellation of Shares 1,720,000				(1,720,000)
9 June 2021 cancellation Collateral Shares 29,491,449 to Obsidian Global		(1,091,185)		(29,491,449)
23 June 2021 Share Allotment 344,166,662 @\$0.018		6,195,000		344,166,662
6 July 2021 Share Allotment 10,000,000 @\$0.02	200,000		10,000,000	
9 August 2021 placement 155,833,324 shares @\$0.019	2,778,185		155,833,324	
8 December 2021 Share Buyback 840,000	-		(840,000)	
Balance at the end of period	80,837,454	77,859,269	1,816,950,996	1,651,957,672

**JATCORP LIMITED AND CONTROLLED ENTITIES
FOR THE HALF YEAR ENDED 31 DECEMBER 2021**

Notes to the Condensed Consolidated financial statements

Note 5 Intangible Assets

	As at 31 December 2021	As at 30 June 2021
	\$	\$
Goodwill	5,951,081	11,902,162
Impairment loss	(1,487,770)	(5,951,081)
Carrying value	4,463,311	5,951,081
Tradename	434,583	494,283
Accumulated amortisation	(29,850)	(59,700)
Carrying value	404,733	434,583
Customer relationships	423,978	1,792,663
Amortisation	(93,000)	(566,000)
Impairment loss	-	(802,685)
Carrying value	330,978	423,978
Import License	-	12,353,275
Amortisation	-	(1,703,900)
Impairment loss	-	(10,649,375)
Carrying value	-	-
Total intangible assets	5,199,022	6,809,642

Impairment assessment

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

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

Sunnya

Trade name of \$404,733 and customer relationship of \$330,978 have been assessed by the Board of Directors as not requiring any impairment during the current reporting period. On a conservative basis, the Board has impaired \$1,487,770 being 25% of carrying value of goodwill balance in the current period.

**JATCORP LIMITED AND CONTROLLED ENTITIES
FOR THE HALF YEAR ENDED 31 DECEMBER 2021**

Notes to the Condensed Consolidated financial statements

Note 6 Financial Liabilities

	As at 31 December 2021	As at 30 June 2021
	\$	\$
Current		
Loans from shareholders (interest rate 0%) (b)	1,460,917	1,468,917
Loans from directors (interest rate 0%)	-	57,308
Loan from Topwei Two Pty Ltd (interest rate 20%) (a)	5,000,000	5,000,000
Loan from others (interest rate 0%)	196,121	287,685
Premium Funding (interest rate 6.72%)	11,212	44,849
HP Liability (interest rate between 5% to 6%)	60,872	43,321
Total	6,729,122	6,902,080
Non-current		
Loans from shareholders (interest rate 0%) (b)	1,523,555	973,555
HP Liability (interest rate between 5% to 6%)	84,801	123,712
Total	1,608,356	1,097,267

(a) Loan from Topwei Two Pty Ltd with interest rate of 20% is repayable on 31 March 2022.

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

Note 7 Dividends

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

Note 8 Key Management Personnel Remuneration

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

	As at 31 December 2021	As at 31 December 2020
	\$	\$
Short term benefits	302,642	301,267
Share Based Payment	91,491	-
Total	394,133	301,267

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

The Parent Company has granted options as part of Performance Right plan to 2 directors of the company. Subsequent to period end, one of the Director has satisfied the performance conditions for tranche 1 and 5,000,000 options has been exercised.

Director's consulting fees paid to Aust JLY Group Pty Ltd for the provision of the service by a director has been included in KMP balance above.

**JATCORP LIMITED AND CONTROLLED ENTITIES
FOR THE HALF YEAR ENDED 31 DECEMBER 2021**

Notes to the Condensed Consolidated financial statements

Note 9 Controlled Entities

Subsidiaries of Jatcorp which are consolidated	Country of incorporation / Place of business	Percentage owned (%)*		Percentage owned by non-controlling interest (%)*	
		Dec-21	Dec-20	Dec-21	Dec-20
		%	%	%	%
Golden Koala Group Pty Ltd	Australia	51	51	49	49
Green Forest International Pty Ltd	Australia	50	50	50	50
Sunnya Pty Ltd	Australia	51	51	49	49
Jatpharm Pty Ltd	Australia	55	55	45	45
Australian Natural Milk Association Pty Ltd	Australia	65	65	35	35
Henan JAT Trading Co., Ltd	China	100	100	-	-
Hangzhou JAT Food Group Co., Ltd	China	100	100	-	-
KTPD Holding Pty Ltd	Australia	50	-	50	-
Jat Estates Pty Ltd	Australia	85	-	15	-
JP Global Trading Pty Ltd	Australia	50	-	50	-

* Percentage of voting power is in proportion to ownership.

Jatpharm Pty Ltd and Henan JAT Trading Co., Ltd did not carry out any business activity during the period.

Note 10 Finance Costs

The following finance costs incurred during the reporting period:

	As at 31 December 2021	As at 31 December 2020
	\$	\$
Interest Expense on \$5 M Loan at 20% interest rate	500,000	500,000
Interest Expense on \$5 M Loan at 13% interest rate	-	325,000
Interest Expense on Shareholder Loan at 15% interest rate	-	1,911
Other Interest Expense	14,925	5,682
Funding Costs - Convertible Note	-	800,000
Interest expense - Leases	105,108	124,715
Total	620,033	1,757,308

**JATCORP LIMITED AND CONTROLLED ENTITIES
FOR THE HALF YEAR ENDED 31 DECEMBER 2021**

Notes to the Condensed Consolidated financial statements

Note 11 Segment Report

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

FOR THE HALF-YEAR ENDED 31 DECEMBER	AUSTRALIA		CHINA		NEW ZEALAND		OTHER ASIA PACIFIC		TOTAL	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Segment Income and Results	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenue and other income	11,080,360	5,012,101	4,960,404	9,003,003	89,645	54,148	295,826	188,238	16,426,235	14,257,490
Expense	(14,059,772)	(10,563,924)	(4,491,777)	(3,004,909)	(54,108)	(387,318)	(813)	(3,730)	(18,606,470)	(13,959,881)
Finance Cost	(620,033)	(1,757,308)	-	-	-	-	-	-	(620,033)	(1,757,308)
Impairment loss	(1,487,770)	-	-	-	-	-	-	-	(1,487,770)	-
Income tax expense	(179,642)	(1,034,941)	-	-	-	-	-	-	(179,642)	(1,034,941)
Profit/(loss) after income tax	(5,266,857)	(8,344,072)	468,627	5,998,094	35,537	(333,170)	295,013	184,508	(4,467,680)	(2,494,640)

AS AT	31 Dec 2021	30 June 2021	31 Dec 2021	30 June 2021	31 Dec 2021	30 June 2021	31 Dec 2021	30 June 2021	31 Dec 2021	30 June 2021
Total Assets	26,211,505	26,423,334	1,543,187	1,679,181	659,744	416,527	6,119	-	28,420,555	28,519,042
Total Liabilities	(17,588,051)	(18,473,208)	(1,708,589)	(123,915)	-	-	-	-	(19,296,640)	(18,597,123)
Net Assets	8,623,454	7,950,126	(165,402)	1,555,266	659,744	416,527	6,119	-	9,123,915	9,921,919

**JATCORP LIMITED AND CONTROLLED ENTITIES
FOR THE HALF YEAR ENDED 31 DECEMBER 2021**

Notes to the Condensed Consolidated financial statements

Note 12 Earnings Per Share

Loss attributable to the ordinary equity holders of the Company used in calculating basic and diluted earnings per share was \$3,225,369 loss (31 December 2020: \$3,006,643 loss).

The Group has granted options to shareholders and directors of the Parent company that could potentially dilute basic earnings per share in the future but were not included in the calculation below because they are anti-dilutive for the period presented.

Weighted average number of shares used as the denominator

	31-Dec-21	31-Dec-20
	Number	Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	899,070,933	996,694,144
Adjustments for calculation of diluted earnings per share:		
- Options (a)	-	4,000,000
- Convertible notes (a)	-	205,657,476
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	899,070,933	1,206,351,620

(a) Refer to 2021 financial year annual report for details.

**JATCORP LIMITED AND CONTROLLED ENTITIES
FOR THE HALF YEAR ENDED 31 DECEMBER 2021**

DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 6 to 18, are in accordance with the *Corporations Act 2001* and;
 - (a) comply with the Australian Accounting Standards, AASB 134: Interim Financial Reporting; and
 - (b) give a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the half-year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

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



Brett Crowley

Director

Dated this 28th day of February 2022

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

REPORT ON THE HALF-YEAR FINANCIAL REPORT

Conclusion

We have reviewed the half-year financial report of Jatcorp Limited and controlled entities ('the Group'), which comprises the condensed consolidated statement of financial position as at 31 December 2021, condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the Directors' Declaration.

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

- (a) giving a true and fair view of the Group's financial position as at 31 December 2021 and of its financial performance for the half-year ended on that date; and
- (b) complying with Australian Accounting Standards 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

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

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

Material Uncertainty Relating to Going Concern

We draw attention to Note 1(b)(iii) in the half-year financial report which indicates that the Group incurred a loss after tax in the half year from continuing operations of \$4,467,680 (December 2020: \$2,494,640 loss), has net current assets of \$341,640 (June 2021: \$1,052,487 net current liability), negative cash flows from operating activities for the period of \$511,906 (December 2020: positive cash flows \$1,325,264), and has a \$5,000,000 loan which is due to be repaid on 31 March 2022.

As started in Note 1(b)(iii) these events or conditions, along with other matters set out in Note 1(b)(iii), indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

INDEPENDENT AUDITOR'S REVIEW REPORT (continued)

No adjustments have been made to the financial report relating to the recoverability or classification of the recorded asset amounts and classification of liabilities that maybe necessary should the Group not continue as a going concern.

Responsibility of the Directors for the half year Financial Report

The Directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

LNP Audit and Assurance Pty Ltd



Anthony Rose

Director

Melbourne, 28 February 2022

