

1. Company details

Name of entity:	Jatcorp Limited
ABN:	31 122 826 242
Reporting period:	For the half-year ended 31 December 2023
Previous period:	For the half-year ended 31 December 2022

2. Results for announcement to the market

	31 Dec 2023 \$	31 Dec 2022 \$	Change \$	Change %
Revenues from ordinary activities	43,981,468	15,851,449	28,130,019	177%
Loss from ordinary activities after tax attributable to the owners of Jatcorp Limited	(889,778)	(2,308,087)	1,418,309	(61%)
Loss for the half-year attributable to the owners of Jatcorp Limited	(889,778)	(2,308,087)	1,418,309	(61%)
			31 Dec 2023 Cents	31 Dec 2022 Cents
Basic loss per share			(0.085)	(0.093)
Diluted loss per share			(0.085)	(0.093)

Dividends

There were no dividends paid, recommended or declared during the current financial period.

Comments

The loss for the Group after providing for income tax and non-controlling interest amounted to \$889,778 (31 December 2022: \$2,308,087).

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>4.970</u>	<u>0.238</u>

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividends

Current period

There were no dividends paid, recommended or declared during the current financial period.

Previous period

There were no dividends paid, recommended or declared during the previous financial period.

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

Not applicable.

9. Foreign entities

Details of origin of accounting standards used in compiling the report:

Not applicable.

10. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report. The review report contains a paragraph that draws attention to the use of the going concern basis for the preparation of the financial statements.

11. Attachments

Details of attachments (if any):

The Interim Report of Jatcorp Limited for the half-year ended 31 December 2023 is attached.

12. Signed

Signed  _____

Date: 27th February 2024

Sunny Jianxin Liang
Chief Executive Officer and Executive Director
Sydney



Jatcorp Limited and its controlled entities

ABN 31 122 826 242

Interim Report - 31 December 2023



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The Directors present their report together with the interim consolidated financial statements of Jatcorp Limited (the 'Company') and its controlled entities (together referred to as 'Jatcorp', the 'Group', or the 'consolidated entity') for the six months ended 31 December 2023 and the auditor's review report thereon.

Directors

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

Name	Appointment date
Mr Sunny Jianxin Liang - Chief Executive Officer and Executive Director	
Mr Peng Shen - Non-Executive Chairman	
Mr Kieran Pryke - Executive Director	20 November 2023
Mr Zhan Wang - Managing Director	

Review of Operations

The loss for the Group after providing for income tax and non-controlling interest amounted to \$889,778 (31 December 2022: \$2,308,087).

	31 Dec 2023	31 Dec 2022	Change	Change
	\$	\$	\$	%
Revenue	43,981,468	15,851,449	28,130,019	177%
Gross profit	7,693,058	5,078,463	2,614,595	51%
Gross profit margin %	17.49%	32.04%		
EBITDA	(1,511,884)	13,330	(1,525,214)	(11442%)
EBITDA margin%	(3.45%)	(3.30%)	-	-
Adjusted EBITDA	2,161,667	1,253,463	908,204	72%
Adjusted EBITDA margin%	4.92%	7.91%		
Profit/(Loss) after tax	(2,163,630)	(2,120,469)	(43,161)	2%
Net cash from/(used in) operating activities	276,483	(1,001,466)	1,277,949	(128%)

Adjusted EBITDA is a financial measures which is not prescribed by the Australian Accounting Standards (AASBs) and represents the profit or loss under AASBs adjusted for specific items. The Directors consider Adjusted EBITDA to be one of the key financial measures of the Group.

Note: Adjusted EBITDA means the operating EBITDA excluding impairment loss and one-off legal fee of \$3,673,549 in respect of Sunnya Pty Ltd.

We have applied our expertise in nutrition, health, and wellness to help people and families live happier, healthier lives. We aim to work to protect and restore the environment and generate value for our shareholders and other stakeholders alike.

In 1H FY2024, Jatcorp's organic growth was strong, with market share gains, following disciplined execution, rapid innovation, and increased digitalization. Under the pressures of slow recovery of the Chinese economy from the COVID-19 pandemic along with supply chain restraints, Jatcorp has navigated these challenges as we consistently pursue our long-term strategy. We are innovating new products quickly and moving purposely forward in building strong relationships with our distributors and customers. Thanks to fast-paced innovation, strong brand investment, increased digitalization and stringent portfolio management, organic growth was strong across most geographies and categories. This was supported by momentum in retail sales and a return to growth in distribution channels.



*(Left picture) Prime Minister of Australia, Anthony Albanese, visited CIIE booth seeing our products.
(Right picture) Minister for Finance of the State of Victoria, Tim Pallas (left), and Sunny Jianxin Liang, CEO (right).*

In 2024, we have focused on a double-brand strategy where unlocking the power of lactoferrin products can achieve better results in the targeted markets. In particular, to meet the needs of the modern consumer with healthy, delicious, convenient products for conscious, time constrained lifestyles, we produced affordable, safe and high-quality nutrition for consumers.

We introduced the Moroka product to market in April 2023. The sales of this new branded product has increased. Our objective is to sustain a two-digit growth rate through rapid innovation, market share gains and brand management.

ANMA has finalised the automation equipment upgrade in November 2023, reducing 10% of labour cost for the full-cream production line while maintaining the same efficiency. The further upgrade on the sachet line machine is currently underway, which is expected to be in operation by June 2024.

Under the new arrangement with BTNature, ANMA will continue to produce OEM products of approximately \$32m for BTNature from November 2023 for 12 months. Jatcorp has also completed the acquisition of 30% of ANMA in Q2 FY24, resulted in controlling 95% of shareholding today.

JAT's success at CIIE Shanghai 2023, the largest import exhibition in post-pandemic China, boosted brand visibility and attracted new business. The presence of Australia's Prime Minister and the Minister for Finance of Victoria at the JAT booth generated interest from potential customers and OEM clients in Europe and the Asia-Pacific region. JAT remains dedicated to delivering high-quality "Australian-style" products globally.

We are delivering our growth agenda through disciplined cost management and improving operational efficiency at all levels. We also emphasize on improvement of corporate governance and bringing new talents into the business. In November 2023, the Board appointed Kieran Pryke as an independent director. Mr Pryke has extensive expertise in financing, structuring, and strategy.

Looking forward, we will continue to extract efficiencies from our production processes and further build upon our distribution and customer networks to improve our Return on Invested Capital (ROIC).

Refer to note 2 in relation to the Directors' assessment of going concern.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

Risk Mitigation

Jatcorp continues to adopt a proactive stance towards risk management, recognizing its essential role in sustaining resilience and leveraging evolving conditions. The overarching strategy encompasses fundamental tenets:

- Secure and re-engineer its supply chain and operations;
- Refine and optimize its portfolio of offerings to tailor to consumer needs;
- Establish a robust omnichannel capability now and in the future; and
- Improve the business digitalization and sustainability.

Management will continue to be involved in designing, implementing, and reporting on the adequacy of the risk management and internal control system. Regular reports to the Board ensure transparency and alignment with strategic objectives.

To fortify risk management practices further, the Board retains the authority to engage external professional advisers, reinforcing the Company's commitment to continuous improvement and resilience in an ever-evolving business landscape. This comprehensive risk management approach reflects Jatcorp's dedication to creating enduring value for investors while navigating the complexities of the global market.

Significant Changes in the State of Affairs

The first stage final hearing in the Sunnya litigation was completed in late December 2023. The case is yet to be decided.

There were no other significant changes in the state of affairs of the Group during the financial half-year.

Events Occurring after the Reporting Date

Mr Sunny Jianxin Liang was appointed as CEO on 8 January 2024. Prior to his appointment, Sunny was COO and executive director of Jatcorp, where he was responsible for leading the business development and sales function.

No other matter or circumstance has arisen since 31 December 2023 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Outlook

We maintain a cautious outlook due to the slow global economic recovery and potential setbacks in light of weak global conditions for the second half of FY2024. Stagnant supply and demand growth in developing markets poses a moderate risk of recession. However, we retain confidence in consumer demand for our products and anticipate growth in the lactoferrin product market. As China-Australia trade relations improve, we expect to benefit from the increased bilateral business activities and cooperation.

Auditor's independence declaration

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

This report is made in accordance with a resolution of Directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the Directors



Sunny Jianxin Liang
Chief Executive Officer and Executive Director

27th February 2024
Sydney

RSM Australia Partners

Level 13, 60 Castlereagh Street Sydney NSW 2000

GPO Box 5138 Sydney NSW 2001

T +61 (0) 2 8226 4500

F +61 (0) 2 8226 4501

www.rsm.com.au**AUDITOR'S INDEPENDENCE DECLARATION**

As lead auditor for the review of the financial report of Jatcorp Limited for the half year ended 31 December 2023, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

RSM AUSTRALIA PARTNERS**LOUIS QUINTAL**
PartnerSydney, NSW
Dated: 27 February 2024

Jatcorp Limited and its controlled entities
Consolidated statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2023



	Note	Consolidated 31 Dec 2023 \$	31 Dec 2022 \$
Revenue		43,981,468	15,851,449
Cost of goods sold		(36,288,410)	(10,772,986)
Gross margin		<u>7,693,058</u>	<u>5,078,463</u>
Other income		93,208	336,008
Interest revenue calculated using the effective interest method		58,924	9,497
Expenses			
Advertising and marketing expenses		(3,152,567)	(1,586,176)
Consultancy and professional fees		(3,977,489)	(903,401)
Employee benefits expenses		(1,385,639)	(1,978,928)
Directors' fees		(389,765)	(337,728)
Depreciation and amortisation expenses		(524,281)	(546,229)
Impairment loss	4	-	(1,000,275)
Administration expenses		(326,943)	(512,281)
Other expenses		(124,671)	(92,124)
Finance costs	4	<u>(128,374)</u>	<u>(111,505)</u>
Loss before income tax (expense)/benefit		(2,164,539)	(1,644,679)
Income tax (expense)/benefit		<u>909</u>	<u>(475,790)</u>
Loss after income tax (expense)/benefit for the half-year		(2,163,630)	(2,120,469)
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive loss for the half-year		<u>(2,163,630)</u>	<u>(2,120,469)</u>
Loss for the half-year is attributable to:			
Non-controlling interest		(1,273,852)	187,618
Owners of Jatcorp Limited	20	<u>(889,778)</u>	<u>(2,308,087)</u>
		<u>(2,163,630)</u>	<u>(2,120,469)</u>
Total comprehensive loss for the half-year is attributable to:			
Non-controlling interest		(1,273,852)	187,618
Owners of Jatcorp Limited		<u>(889,778)</u>	<u>(2,308,087)</u>
		<u>(2,163,630)</u>	<u>(2,120,469)</u>
		Cents	Cents
Basic loss per share	5	(0.085)	(0.093)
Diluted loss per share	5	(0.085)	(0.093)

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

Jatcorp Limited and its controlled entities
Consolidated statement of financial position
As at 31 December 2023



		Consolidated	
	Note	31 Dec 2023	30 Jun 2023
		\$	\$
Assets			
Current assets			
Cash and cash equivalents		1,364,969	3,805,928
Trade and other receivables	6	3,622,234	7,274,918
Inventories		5,314,367	4,734,383
Tax receivable		247,736	247,434
Total current assets		<u>10,549,306</u>	<u>16,062,663</u>
Non-current assets			
Trade and other receivables	6	160,125	160,125
Property, plant and equipment	7	4,801,645	4,847,841
Right-of-use assets	8	2,537,824	2,493,394
Intangibles assets	9	2,725,440	2,714,644
Deferred tax assets		28,956	28,047
Total non-current assets		<u>10,253,990</u>	<u>10,244,051</u>
Total assets		<u>20,803,296</u>	<u>26,306,714</u>
Liabilities			
Current liabilities			
Trade and other payables	10	4,139,103	1,804,521
Contract liabilities	11	3,932,867	7,578,507
Borrowings	12	2,719,698	3,173,617
Lease liabilities		317,650	540,666
Provisions	13	386,339	335,978
Total current liabilities		<u>11,495,657</u>	<u>13,433,289</u>
Non-current liabilities			
Lease liabilities		2,217,113	2,223,663
Provisions	13	223,700	213,886
Total non-current liabilities		<u>2,440,813</u>	<u>2,437,549</u>
Total liabilities		<u>13,936,470</u>	<u>15,870,838</u>
Net assets		<u>6,866,826</u>	<u>10,435,876</u>
Equity			
Issued capital	14	90,232,558	90,231,570
Reserves	19	(2,325,108)	-
Accumulated losses	20	(82,842,297)	(81,952,519)
Equity attributable to the owners of Jatcorp Limited		5,065,153	8,279,051
Non-controlling interest	15	1,801,673	2,156,825
Total equity		<u>6,866,826</u>	<u>10,435,876</u>

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

Jatcorp Limited and its controlled entities
Consolidated statement of changes in equity
For the half-year ended 31 December 2023



Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Non-controlling interest \$	Total equity \$
Balance at 1 July 2022	85,981,706	1,024,789	(80,167,772)	642,654	7,481,377
Profit/(loss) after income tax expense for the half-year	-	-	(2,308,087)	187,618	(2,120,469)
Other comprehensive income for the half-year, net of tax	-	-	-	-	-
Total comprehensive (loss)/income for the half-year	-	-	(2,308,087)	187,618	(2,120,469)
<i>Transactions with owners in their capacity as owners:</i>					
Shares issued during the period, net of cost	4,249,868	-	-	-	4,249,868
Balance at 31 December 2022	<u>90,231,574</u>	<u>1,024,789</u>	<u>(82,475,859)</u>	<u>830,272</u>	<u>9,610,776</u>

Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Non-controlling interest \$	Total equity \$
Balance at 1 July 2023	90,231,570	-	(81,952,519)	2,156,825	10,435,876
Loss after income tax benefit for the half-year	-	-	(889,778)	(1,273,852)	(2,163,630)
Other comprehensive income for the half-year, net of tax	-	-	-	-	-
Total comprehensive loss for the half-year	-	-	(889,778)	(1,273,852)	(2,163,630)
<i>Transactions with owners in their capacity as owners:</i>					
Acquisition of controlled entities	-	(2,325,108)	-	825,108	(1,500,000)
Non-controlling interest transactions	-	-	-	93,592	93,592
Adjustments	988	-	-	-	988
Balance at 31 December 2023	<u>90,232,558</u>	<u>(2,325,108)</u>	<u>(82,842,297)</u>	<u>1,801,673</u>	<u>6,866,826</u>

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

Jatcorp Limited and its controlled entities
Consolidated statement of cash flows
For the half-year ended 31 December 2023



	Consolidated	
Note	31 Dec 2023	31 Dec 2022
	\$	\$
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	43,988,512	12,033,213
Payments to suppliers and employees (inclusive of GST)	(43,735,485)	(13,311,444)
	253,027	(1,278,231)
Interest received	58,924	9,497
Government grants and tax incentives	93,208	133,619
Interest and other finance costs paid	(128,374)	(111,505)
Income taxes refunded/(paid)	(302)	245,154
Net cash from/(used in) operating activities	276,483	(1,001,466)
Cash flows from investing activities		
Acquisition of non-controlling interests	(1,500,000)	(1,847,338)
Payments for property, plant and equipment	7 (117,486)	-
Payments for intangibles	9 (97,459)	-
Proceeds from disposal of property, plant and equipment	-	75,302
Net cash used in investing activities	(1,714,945)	(1,772,036)
Cash flows from financing activities		
Proceeds from issue of shares (net of transaction costs)	14 988	4,249,868
Repayment of lease liabilities	(549,566)	(255,996)
Proceeds from borrowings	-	1,000,000
Repayment of borrowings	(453,919)	(242,790)
Net cash (used in)/from financing activities	(1,002,497)	4,751,082
Net (decrease)/increase in cash and cash equivalents	(2,440,959)	1,977,580
Cash and cash equivalents at the beginning of the financial half-year	3,805,928	3,859,919
Cash and cash equivalents at the end of the financial half-year	1,364,969	5,837,499

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

Note 1. General information

The financial statements cover Jatcorp Limited as a Group consisting of Jatcorp Limited ('Company' or 'parent entity') and the entities it controlled ('Group' or 'Jatcorp') at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is Jatcorp Limited's functional and presentation currency.

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

Suite 502
2 Bligh Street
Sydney NSW 2000

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

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 27 February 2024.

Note 2. Material accounting policy information

These general purpose financial statements for the interim half-year reporting period ended 31 December 2023 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2023 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Group 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.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

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

Comparative Figures

Comparatives figures have been adjusted to conform with changes in presentation for the current financial half-year.

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 discharge of liabilities in the normal course of business.

As disclosed in the financial statements, the Group incurred a loss of \$2,163,630 (31 December 2022: \$2,120,469) and had net cash inflows from operating activities of \$276,483 (31 December 2022: net cash outflows of \$1,001,466) for the half-year ended 31 December 2023. As at that date the Group had net current liabilities of \$946,351 (30 June 2023: net current assets of \$2,629,374) and net assets of \$6,866,826 (30 June 2023: \$10,435,876). The ability of the Group to continue as a going concern is dependent on a number of factors, the most significant of which is the ability to generate positive operating cash flows through its continued operations.

These factors indicate a material uncertainty which may cast significant doubt as to whether the Group will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Note 2. Material accounting policy information (continued)

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

- the Group has cash balance of \$1,364,969 as at 31 December 2023 (30 June 2023: \$3,805,928);
- the Directors have considered the Group's cash flow forecast which indicates the Group to continue to operate within the limits of its available cash reserves; and
- if required, the Group has the ability to reduce discretionary spending in its consultancy expenditures.

Accordingly, the Directors believe that the Group will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

The financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the Group does not continue as a going concern.

Note 3. Operating segments

Identification of reportable operating segments

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

The CODM reviews EBITDA (earnings before interest, tax, depreciation and amortisation). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The information reported to the CODM is on a monthly basis.

Operating segment information

Consolidated - 31 Dec 2023	Australia \$	China \$	New Zealand \$	Total \$
Revenue				
Revenue and other income	15,529,892	28,558,277	45,431	44,133,600
Total revenue	<u>15,529,892</u>	<u>28,558,277</u>	<u>45,431</u>	<u>44,133,600</u>
EBITDA	(2,057,440)	544,571	985	(1,511,884)
Depreciation and amortisation	(524,281)	-	-	(524,281)
Finance costs	(128,374)	-	-	(128,374)
Profit/(loss) before income tax benefit	<u>(2,710,095)</u>	<u>544,571</u>	<u>985</u>	<u>(2,164,539)</u>
Income tax benefit				909
Loss after income tax benefit				<u>(2,163,630)</u>
Assets				
Segment assets	15,672,689	1,933,004	524,414	18,130,107
<i>Unallocated assets:</i>				
Cash and cash equivalents				1,364,969
Land and buildings				1,279,264
Deferred tax asset				28,956
Total assets				<u>20,803,296</u>
Liabilities				
Segment liabilities	12,907,814	1,028,656	-	13,936,470
Total liabilities				<u>13,936,470</u>

Note 3. Operating segments (continued)

	Australia \$	China \$	New Zealand \$	Other Asia Pacific \$	Total \$
Consolidated - 31 Dec 2022					
Revenue					
Revenue and other income	11,956,607	4,139,858	68,484	32,005	16,196,954
Total revenue	11,956,607	4,139,858	68,484	32,005	16,196,954
EBITDA					
Depreciation and amortisation	(626,596)	624,300	5,812	9,814	13,330
Impairment of assets	(546,229)	-	-	-	(546,229)
Finance costs	(921,709)	(78,566)	-	-	(1,000,275)
	(111,505)	-	-	-	(111,505)
Profit/(loss) before income tax expense	(2,206,039)	545,734	5,812	9,814	(1,644,679)
Income tax expense					(475,790)
Loss after income tax expense					(2,120,469)
Consolidated - 30 Jun 2023					
Assets					
Segment assets	15,503,077	5,064,566	625,832	-	21,193,475
<i>Unallocated assets:</i>					
Cash and cash equivalents					3,805,928
Land and buildings					1,279,264
Deferred tax asset					28,047
Total assets					26,306,714
Liabilities					
Segment liabilities	11,099,818	4,743,653	27,367	-	15,870,838
Total liabilities					15,870,838

Note 4. Expenses

	Consolidated	
	31 Dec 2023	31 Dec 2022
	\$	\$
Loss before income tax includes the following specific expenses:		
<i>Impairment loss</i>		
Assets write off	-	472,754
Stocks write off	-	444,307
Debts written off	-	83,214
Total impairment loss	-	1,000,275
<i>Finance costs</i>		
Interest and finance charges paid/payable on borrowings	54,835	15,944
Interest and finance charges paid/payable on lease liabilities	46,376	93,778
Other interest expense	27,163	1,783
Finance costs expensed	128,374	111,505

Note 5. Earnings per share

	Consolidated	Consolidated
	31 Dec 2023	31 Dec 2022
	\$	\$
Loss after income tax	(2,163,630)	(2,120,469)
Non-controlling interest	1,273,852	(187,618)
	<u>(889,778)</u>	<u>(2,308,087)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	1,041,266,611	2,487,287,233
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>1,041,266,611</u>	<u>2,487,287,233</u>
	Cents	Cents
Basic loss per share	(0.085)	(0.093)
Diluted loss per share	(0.085)	(0.093)

Note 6. Trade and other receivables

	Consolidated	Consolidated
	31 Dec 2023	30 Jun 2023
	\$	\$
<i>Current assets</i>		
Trade receivables	1,096,485	1,563,411
Supplier deposits	1,513,786	5,886,370
Other receivables	1,537,290	350,551
Less: Allowance for expected credit losses	(525,327)	(525,414)
	<u>3,622,234</u>	<u>7,274,918</u>
<i>Non-current assets</i>		
Term deposits	160,125	160,125
	<u>3,782,359</u>	<u>7,435,043</u>

Note 7. Property, plant and equipment

	Consolidated	Consolidated
	31 Dec 2023	30 Jun 2023
	\$	\$
<i>Non-current assets</i>		
Property - at cost	1,279,264	1,279,264
Less: Accumulated depreciation	(35,358)	(30,579)
	<u>1,243,906</u>	<u>1,248,685</u>
Plant and equipment - at cost	5,401,289	5,287,080
Less: Accumulated depreciation	(1,843,550)	(1,687,924)
	<u>3,557,739</u>	<u>3,599,156</u>
	<u>4,801,645</u>	<u>4,847,841</u>

Note 7. Property, plant and equipment (continued)

Reconciliations

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

Consolidated	Property \$	Plant and equipment \$	Total \$
Balance at 1 July 2023	1,248,685	3,599,156	4,847,841
Additions	-	117,486	117,486
Depreciation expense	(4,779)	(158,903)	(163,682)
Balance at 31 December 2023	<u>1,243,906</u>	<u>3,557,739</u>	<u>4,801,645</u>

Note 8. Right-of-use assets

	Consolidated	
	31 Dec 2023	30 Jun 2023
	\$	\$
<i>Non-current assets</i>		
Land and buildings - right-of-use	4,560,906	4,560,906
Less: Accumulated depreciation	<u>(2,329,609)</u>	<u>(2,067,512)</u>
	2,231,297	2,493,394
Plant and equipment - right-of-use	320,000	-
Less: Accumulated depreciation	<u>(13,473)</u>	<u>-</u>
	306,527	-
	<u>2,537,824</u>	<u>2,493,394</u>

The Group leases land and buildings for its offices, warehouses and retail outlets under agreements of between 5 to 15 years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated. The Group also leases plant and equipment under agreements for 3 years.

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

Consolidated	Land and buildings - right-of-use \$	Plant and equipment - right-of-use \$	Total \$
Balance at 1 July 2023	2,493,394	-	2,493,394
Additions	-	320,000	320,000
Revaluation decrements/increments	-	-	-
Depreciation expense	(262,097)	(13,473)	(275,570)
Balance at 31 December 2023	<u>2,231,297</u>	<u>306,527</u>	<u>2,537,824</u>

Note 9. Intangibles assets

	Consolidated	
	31 Dec 2023	30 Jun 2023
	\$	\$
<i>Non-current assets</i>		
Goodwill - at cost	2,347,482	2,347,482
Trade names - at cost	597,000	597,000
Less: Accumulated amortisation	(311,667)	(281,817)
	<u>285,333</u>	<u>315,183</u>
Trade marks - at cost	97,459	-
Less: Accumulated amortisation	(4,834)	-
	<u>92,625</u>	<u>-</u>
Customer relationship - at cost	2,830,000	2,830,000
Less: Accumulated amortisation	(2,027,316)	(1,975,337)
Less: Impairment	(802,684)	(802,684)
	<u>-</u>	<u>51,979</u>
Import licence - at cost	12,353,275	12,353,275
Less: Accumulated amortisation	(1,703,900)	(1,703,900)
Less: Impairment	(10,649,375)	(10,649,375)
	<u>-</u>	<u>-</u>
	<u><u>2,725,440</u></u>	<u><u>2,714,644</u></u>

Reconciliations

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

Consolidated	Goodwill \$	Trade names \$	Trade marks \$	Customer relationship \$	Total \$
Balance at 1 July 2023	2,347,482	315,183	-	51,979	2,714,644
Additions	-	-	97,459	-	97,459
Amortisation expense	-	(29,850)	(4,834)	(51,979)	(86,663)
Balance at 31 December 2023	<u><u>2,347,482</u></u>	<u><u>285,333</u></u>	<u><u>92,625</u></u>	<u><u>-</u></u>	<u><u>2,725,440</u></u>

Note 10. Trade and other payables

	Consolidated	
	31 Dec 2023	30 Jun 2023
	\$	\$
<i>Current liabilities</i>		
Trade payables	2,952,325	1,681,436
Sundry accruals and other payables	1,186,778	123,085
	<u><u>4,139,103</u></u>	<u><u>1,804,521</u></u>

Note 11. Contract liabilities

	Consolidated	
	31 Dec 2023	30 Jun 2023
	\$	\$
<i>Current liabilities</i>		
Contract liabilities	3,932,867	7,578,507

Unsatisfied performance obligations

The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied at the end of the reporting period was \$3,932,867 as at 31 December 2023 (\$7,578,507 as at 30 June 2023) and is expected to be recognised as revenue in future periods as follows:

	Consolidated	
	31 Dec 2023	30 Jun 2023
	\$	\$
Within 6 months	3,788,685	7,578,507
6 to 12 months	144,182	-
	<u>3,932,867</u>	<u>7,578,507</u>

Note 12. Borrowings

	Consolidated	
	31 Dec 2023	30 Jun 2023
	\$	\$
<i>Current liabilities</i>		
Loan - Shareholders	1,390,917	1,390,917
Loan - Others	598	3,330
Loan - BTNature	1,008,153	1,007,890
Credit card	320,030	771,480
	<u>2,719,698</u>	<u>3,173,617</u>

Interest rates

	Consolidated	
	31 Dec 2023	30 Jun 2023
	%	%
Loan - Shareholders	-	-
Loan - Others	-	-
Loan - BTNature	9.6%	9.6%
Credit card (late payment on the balance)	3.0%	3.0%

Assets pledged as security

The loans and credit card facilities are unsecured.

Loans from shareholders have no fixed repayment terms. The loan from BTNature was extended in November 2023 for a further 6 months to May 2024.

Note 12. Borrowings (continued)

Financing arrangements

Unrestricted access was available at the reporting date to the following lines of credit:

	Consolidated	
	31 Dec 2023	30 Jun 2023
	\$	\$
Total facilities		
Credit card	582,000	900,000
Used at the reporting date		
Credit card	320,030	771,480
Unused at the reporting date		
Credit card	261,970	128,520

Note 13. Provisions

	Consolidated	
	31 Dec 2023	30 Jun 2023
	\$	\$
<i>Current liabilities</i>		
Employee benefits	386,339	335,978
<i>Non-current liabilities</i>		
Employee benefits	49,855	40,041
Lease make good	173,845	173,845
	223,700	213,886
	610,039	549,864

Note 14. Issued capital

	Consolidated			
	31 Dec 2023	30 Jun 2023	31 Dec 2023	30 Jun 2023
	Shares	Shares	\$	\$
Ordinary shares - fully paid	83,266,417	2,497,951,839	90,232,558	90,231,570

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 2023	2,497,951,839		90,231,570
Consolidation of shares*	12 September 2023	(2,414,685,422)		-
Adjustments		-	\$0.00	988
Balance	31 December 2023	83,266,417		90,232,558

* A general meeting of shareholders was held on 12 September 2023 where a resolution to consolidate the share capital of the Company on a 30 for one basis, with fractional holdings rounded up to the nearest whole number, was passed.

Note 15. Non-controlling interest

	Consolidated	
	31 Dec 2023	30 Jun 2023
	\$	\$
Issued capital from non-controlled entity	93,592	-
Deconsolidated disposed subsidiaries	2,477,886	1,652,778
(Accumulated losses)/retained profits	(769,805)	504,047
	<u>1,801,673</u>	<u>2,156,825</u>

Note 16. Dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

Note 17. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

Name	Principal place of business / Country of incorporation	Ownership interest	
		31 Dec 2023 %	30 Jun 2023 %
LTR trading PTY LTD	Australia	100%	100%
Pastoral Time Ltd	Hong Kong	51%	51%
Golden Koala Group Pty Ltd	Australia	51%	51%
Sunnya Pty Ltd	Australia	51%	51%
Jatpharm Pty Ltd	Australia	55%	55%
Australian Natural Milk Association Pty Ltd*	Australia	95%	65%
Henan JAT Trading Co., Ltd	China	100%	100%
Hangzhou JAT Food Group Co., Ltd	China	100%	100%
Jat Estates Pty Ltd**	Australia	-	85%

* The Group acquired an additional 30% in Australian Natural Milk Association Pty Ltd for \$1,500,000 in November 2023. The different between the amount paid by the parent entity to acquire the additional 30% and the book value recorded in the financial statements of ANMA was recognised within Other reserve account.

Refer to note 19 for further details.

** Jat Estates Pty Ltd was deregistered in November 2023.

Note 18. Related party transactions

Parent entity

Jatcorp Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 17.

Note 18. Related party transactions (continued)

Transactions with related parties

The following transactions occurred with related parties:

	Consolidated	
	31 Dec 2023	31 Dec 2022
	\$	\$
Sale of goods and services:		
<i>Director related companies</i>		
- Pacific Healthy International Holding Pty Ltd	1,394,496	1,113,865
Payment for goods and services:		
<i>Director related companies</i>		
- Pacific Healthy International Holding Pty Ltd	354,074	92,681
- Pacific Healthy ANZ Pty Ltd	-	23,191

Receivable from and payable to related parties

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated	
	31 Dec 2023	30 Jun 2023
	\$	\$
Trade receivable		
- Pacific Healthy International Holding Pty Ltd	137,752	-
Trade payable		
- Pacific Healthy International Holding Pty Ltd	69,380	-

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

Note 19. Reserves

	Consolidated	
	31 Dec 2023	30 Jun 2023
	\$	\$
Other reserve	<u>(2,325,108)</u>	<u>-</u>

Other reserve

The Other reserve records the difference between the amount paid by the parent entity to acquire non-controlling interests in subsidiaries and the book value recorded in the financial statements of such non-controlling interests.

Note 20. Accumulated losses

	Consolidated	
	31 Dec 2023	30 Jun 2023
	\$	\$
Accumulated losses at the beginning of the financial half-year	(81,952,519)	(77,337,826)
Loss after income tax (expense)/benefit for the half-year	<u>(889,778)</u>	<u>(4,614,693)</u>
Accumulated losses at the end of the financial half-year	<u>(82,842,297)</u>	<u>(81,952,519)</u>

Note 21. Contingencies and commitments

There are no contingent liabilities and commitments as at 31 December 2023 and 30 June 2023.

Legal proceedings of Sunnya Pty Ltd

Further to disclosures regarding Sunnya Pty Ltd's ('Sunnya') legal proceedings as at 30 June 2023, the first stage of the final hearing in the legal proceedings of Sunnya was completed in late December 2023. The case was yet to be finalised as at the date the interim financial statements were signed. The Group does not believe that the Sunnya legal proceedings will have a material impact on the Group's financial performance. Apart from the above, there are no other contingent liabilities or commitments which would have a significant impact on the Group's operations as at 31 December 2023 or in future financial years.

Legal proceeding vs Wilton Yao

There has been no change to the process or status regarding the legal proceedings vs Wilton Yao since the last disclosure as at 30 June 2023.

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

Note 22. Events after the reporting period

Mr Sunny Jianxin Liang was appointed as CEO on 8 January 2024. Prior to his appointment, Sunny was COO and executive director of Jatcorp, where he was responsible for leading the business development and sales function.

No other matter or circumstance has arisen since 31 December 2023 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of Directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the Directors

A handwritten signature in black ink, appearing to be 'Sunny Jianxin Liang', written over a horizontal line.

Sunny Jianxin Liang
Chief Executive Officer and Executive Director

27th February 2024
Sydney

RSM Australia Partners

Level 13, 60 Castlereagh Street Sydney NSW 2000

GPO Box 5138 Sydney NSW 2001

T +61 (0) 2 8226 4500

F +61 (0) 2 8226 4501

www.rsm.com.au

INDEPENDENT AUDITOR'S REVIEW REPORT

To the Members of Jatcorp Limited and its controlled subsidiaries

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Jatcorp Limited which comprises the consolidated statement of financial position as at 31 December 2023, 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 half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Jatcorp Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2023 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company 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 (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 *Corporations Act 2001*, which has been given to the directors of Jatcorp Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the financial report, which indicates that the Company incurred a net loss of \$2,163,630 during the half year ended 31 December 2023 and, as of that date, the Company's current liabilities exceeded its total assets by \$946,351. The ability of the consolidated entity to continue as a going concern is dependent on its ability to generate positive operating cash flows through its continued operations. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2023 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.

LOUIS QUINTAL

Partner

RSM Australia Partners

Sydney, NSW

Dated: 27 February 2024