



Victor Group Holdings Limited
and its controlled entities

ABN 21 165 378 834

HALF-YEAR FINANCIAL REPORT

For the half-year ended 31 December 2015

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Appendix 4D

1. Company details

Company name: Victor Group Holdings Limited (“the Company”)

ABN: 21 165 378 834

Reporting period: Half year ended 31 December 2015

Previous corresponding period: Half year ended 31 December 2014

2. Results for announcement to the market

Consolidated	6 months to 31 December 2015 \$	6months to 31 December 2014 \$	Movement \$	% Movement
Revenue for continuing Activities	3,322,720	7,229,235	-3,906,515	-54%
Net profit (loss) after tax	568,492	3,084,290	-2,515,798	-82%
Net profit (loss) after tax attributable to members	568,492	3,084,290	-2,515,798	-82%
Net tangible assets per security (cents)	1.99	1.78	0.21	12%

This Appendix 4D is to be read in conjunction with the Annual Report for the year ended 30 June 2015.

The Directors do not proposed to pay any dividend for the half year ended 31 December 2015.

Key financial highlights

- Decline in revenues generated from continuing activities by 54% following a decline in the number of participants serviced compared to the prior period. The decline in participants can be attributed to severe market competition brought by competitors and weaker economic conditions in China.
- Net profit after tax declined by 82% mainly due to the decline in revenues generated from continuing activities.
- Net tangible assets remained strong at \$10.35million

3. Net tangible assets per security

	31 December 2015	31 December 2014
Net tangible assets per security (cents)	1.99	1.78

4. Details of entities over which control has been gained or lost

4.1 Control gained over entities.

During the 6 month period ended 31 December 2015, a series of wholly owned subsidiaries of the group were incorporated for the purposes of pursuing the opportunity to embed the traditional consulting service with the cloud-computing platform.

The new entities are:

- Synergy One Holding Limited (Cayman Island)
- Pride Green Limited (BVI)
- True Prosper Group Limited (BVI)
- Great Prospect Corporation Limited (HongKong)
- Yiya Investment Management (Shanghai) Company Limited (PRC)

The group structure as at 31 December 2015 is as follow:



4.2 Control lost over entities.

N/A

5. Dividends

Individual dividends per security

	Date dividend Is payable	Amount per security	Franked amount per security at 30% tax	Amount per security of foreign source dividend
Interim dividend:				
Current year	N/A	N/A	N/A	N/A
Previous year	27 November 2014	0.0048	-	0.0048

6. Dividend reinvestments plans

6.1 The dividend or distribution plans shown below are in operation.

N/A

6.2 The last date(s) for receipt of election notices for the dividend or distribution plans.

N/A

7. Details of associates and joint entities

N/A

8. Accounting Standards

The half-year financial report is a general-purpose financial which has been prepared in accordance with requirement of the *Corporation Act 2001*, Australian Accounting Standards including AASB 134 "Interim Financial Reporting" and other mandatory professional reporting requirements. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with international accounting standards.

Date this 29th day of February 2015



David P Batten

Director

Directors' Report

The Directors of Victor Group Holdings Limited ('Victor Group') present their Report together with the financial statements of the consolidated entity, being Victor Group ('the Company') and its controlled entities ('the Group') for the half-year ended 31 December 2015.

Director details

The following persons were directors of Victor Group during or since the end of the financial half-year.

- | | |
|------------------------|---|
| ➤ Mr. David P Batten | Independent Non-Executive Director |
| ➤ Mr. Bin, Zhang | Chief Executive Officer |
| ➤ Mr. Greg C Forrester | Independent Non-Executive Director
(Appointed on 27 July 2015) |
| ➤ Mr. Liu, XinJie | Non-Executive Director |
| ➤ Mr. Hoi Fung Lam | Executive Director (Appointed on 29 January 2016) |

On 27 July 2015, Mr. Wayne V Reid (Independent Chairman & Non-Executive Director) and Mr. Frederick C Kempson (Non-Executive Director) resigned from the Board of Victor Group.

On 27 July 2015, Mr. David P Batten was appointed as an Independent Chairman and Non-Executive Director for Victor Group.

Review of operations and financial results

Financial

Sales revenue for the half year ended 31 December 2015 declined by 54% to \$3.32m compared to \$7.23m reported in the previous corresponding period. The decline in revenue was mainly derived from a decline in the number of participants serviced compared to the prior period.


The operating result of the Group has declined to \$0.57m (2014: \$3.08m). This was mainly due to severe market competition and free training courses offered to candidates for marketing purposes.

Directors' Report

Audit's independence Declaration

A copy of the Auditor's independence Declaration as required under s307C of the *Corporations Act 2001* for the half year ended 31 December 2015 is set out on page 7 of this financial report.

Signed in accordance with a resolution of the Board of Directors.



David P Batten
Director

29 February 2016

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AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF VICTOR GROUP HOLDINGS

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Victor Group Holdings for the half-year ended 31 December 2015, I declare that, to the best of my knowledge and belief, there have been:

- a No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b No contraventions of any applicable code of professional conduct in relation to the review.

Grant Thornton

Yours faithfully
GRANT THORNTON AUDIT PTY LTD
Chartered Accountants


J L Humphrey
Partner – Audit & Assurance

Adelaide, 29 February 2016

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**CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

	Note	Consolidated Group	
		31 December 2015	31 December 2014
		\$	\$
Operating Revenue	6	3,322,720	7,229,235
Cost of sales		<u>(2,030,953)</u>	<u>(2,610,710)</u>
Gross profit		<u>1,291,767</u>	<u>4,618,525</u>
Non-operating Revenue	6	771,039	224,814
Administrative expenses	8	(1,213,807)	(722,196)
Finance costs		<u>(1,884)</u>	<u>(990)</u>
Profit before income tax		<u>847,115</u>	<u>4,120,153</u>
Income tax expense		<u>(278,623)</u>	<u>(1,035,863)</u>
Profit for the period		<u>568,492</u>	<u>3,084,290</u>
Other Comprehensive Income for the period, Net of Tax			
Items that may be reclassified subsequently to profit or loss:			
Exchange gain/(loss) differences arising on the translation of foreign operations		<u>99,900</u>	<u>913,714</u>
Total Comprehensive Income for the period attributable to the owners of the parent		<u>668,392</u>	<u>3,998,004</u>
Earnings per share (on profit attributable to ordinary equity holders)		Cents	Cents
Basic earnings per share (cents per share)	10	0.11	0.59
Diluted earnings per share (cents per share)	10	0.11	0.59

These financial statements should be read in conjunction with accompanying notes

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

	Note	Consolidated Group	
		31 December 2015	30 June 2015
		\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		2,674,928	4,242,023
Trade and other receivables		3,229,286	2,377,755
Prepayments		<u>1,565,551</u>	<u>727,814</u>
TOTAL CURRENT ASSETS		<u>7,469,765</u>	<u>7,347,592</u>
NON-CURRENT ASSETS			
Property, plant and equipment	9	3,461,686	2,874,550
Intangible assets		<u>19,804</u>	<u>21,261</u>
TOTAL NON-CURRENT ASSETS		<u>3,481,490</u>	<u>2,895,811</u>
TOTAL ASSETS		<u>10,951,255</u>	<u>10,243,403</u>
CURRENT LIABILITIES			
Trade and other payables		317,248	266,789
Income tax payable		<u>269,064</u>	<u>280,063</u>
TOTAL CURRENT LIABILITIES		<u>586,312</u>	<u>546,852</u>
TOTAL LIABILITIES		<u>586,312</u>	<u>546,852</u>
NET ASSETS		<u>10,364,943</u>	<u>9,696,551</u>
EQUITY			
Issued capital	10	3,914,446	3,914,446
Foreign exchange translation reserve		1,276,153	1,176,253
Statutory reserve		132,081	132,081
Retained earnings		<u>5,042,263</u>	<u>4,473,771</u>
TOTAL EQUITY		<u>10,364,943</u>	<u>9,696,551</u>

These financial statements should be read in conjunction with accompanying notes

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR HALF-YEAR ENDED 31 DECEMBER 2015

	Share Capital Ordinary	Retained Earnings	Foreign Exchange Translation Reserve	Statutory Reserve	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2014	3,914,446	4,003,949	(136,183)	-	7,782,212
Profit for the period	-	3,084,290	-	-	3,084,290
Other comprehensive income	-	-	913,714	-	913,714
Total comprehensive income for the period	-	3,084,290	913,714	-	3,998,004
Transactions with owners in their capacity as owners					
Dividends paid	-	(2,493,888)	-	-	(2,493,888)
Balance at 31 December 2014	3,914,446	4,594,351	777,531	-	9,286,328
Balance at 1 July 2015	3,914,446	4,473,771	1,176,253	132,081	9,696,551
Profit for the period	-	568,492	-	-	568,492
Total other comprehensive income	-	-	99,900	-	99,900
Total comprehensive income for the period	-	568,492	99,900	-	668,392
Balance at 31 December 2015	3,914,446	5,042,263	1,276,153	132,081	10,364,943

These financial statements should be read in conjunction with accompanying notes

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR HALF-YEAR ENDED 31 December 2015

	Note	Consolidated Group	
		31 December 2015	31 December 2014
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		2,461,725	8,468,935
Payments to suppliers and employees		(4,103,074)	(3,748,722)
Interest received		9,146	41,735
Finance costs		(1,884)	(990)
Income tax paid		(286,085)	(1,490,900)
Government subsidy received		761,893	-
Net cash flow generated from (utilised by) operating activities		(1,158,279)	3,270,058
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for property, plant and equipment		(692,485)	(1,512,314)
Purchase of intangible assets		-	(9,267)
Net cash flow used in investing activities		(692,485)	(1,521,581)
CASH FLOWS FROM FINANCING ACTIVITIES			
Advances from related party		77,696	-
Repayment to related party		-	(158,682)
Dividend payment		(340)	(2,504,333)
Net cash flow generated from (used in) financing activities		77,356	(2,663,015)
Net increase (decrease) in cash held		(1,773,408)	(914,538)
Cash at beginning of financial year		4,242,023	7,138,333
Effect of exchange rates on cash holdings in foreign currencies		206,313	839,029
Cash at end of financial year		2,674,928	7,062,824

These financial statements should be read in conjunction with accompanying notes

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**1. Nature of operations**

Victor Group Holdings Limited and 'subsidiaries' (the Group) principal activities were offering consultation and advisory services to entrepreneurs to help them improve the management and strategic planning of their companies.

There were no other significant changes in the nature or the consolidated Group's principle activities during the half-year ended 31 December 2015.

The Group currently operates in one geographical segment, being the People's Republic of China.

2. General information and basis of preparation

Victor Group Holdings Limited is a profit-oriented entity limited by shares incorporated in Australia whose share are publicly traded on the Australian Securities Exchange (ASX).

The condensed interim consolidated financial statements (the interim financial statements) of the Group are for the six months ended 31 December 2015 and are presented in Australian dollars (\$), which is the functional currency of the parent company. These general purpose interim financial statements have been prepared in accordance with the requirements of the *Corporations Act 2001* and *AASB 134 Interim Financial Reporting*. They do not include all of the information required in annual financial statements in accordance with Australian Accounting Standards, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 30 June 2015 and any public announcements made by the Group during the half-year in accordance with continuous disclosure requirements arising under the Australian Securities Exchange Listing Rules and the *Corporations Act 2001*.

The interim financial statements have been approved and authorised for issue by the board of directors on 29 February 2016.

3. Change in accounting policies

The accounting policies applied in this half-year financial report are consistent with those disclosed in the 2015 Annual report.

There have been no new or revised accounting standards or interpretations which are effective from the periods beginning on or after 1 July 2015 and impact the half-year financial results.

4. Estimates

When preparing the interim financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Group's last annual financial statements for the year ended 30 June 2015. The only exception is the estimate of the provision for income taxes which is determined in the interim financial statements using the estimated average annual effective income tax rate applied to the pre-tax income of the interim period.

5. New and amended accounting standards issued but not yet effective

During the period, a number of Standards and Interpretations were issued but not yet effective. The Group is yet to assess the full impact of these standards. However, the standards are unlikely to have a significant effect on the Group's financial results.

6. Operating Revenue

During the 6 months period ended 31 December 2015, revenue from top three customers amounted to \$3,322,720 (100 % of total operating revenue).

Non-operating revenue of \$771,039 represents an investment incentive provided by the local government (Jinshan District – Shanghai City) as financial support to encourage the local economy.

7. Segment reporting

The Board has considered the requirements of AASB8 operating segments and the internal reports that are reviewed by the chief operation decision maker in allocating resources and have concluded at this that there are no separately identifiable segments.

8. Administrative expenses

	Consolidated Group	
	6 Months to 31 Dec 2015	6 Months to 31 Dec 2014
	\$	\$
Salary expenses	324,623	285,326
Consulting expense	68,610	80,968
Travelling expense	26,010	44,829
Rental expense paid to related party	28,306	23,696
Depreciation and amortization expense	48,129	30,758
Meeting expense for promotional courses	271,717	39,043
Other operating expenses	446,412	217,576
	1,213,807	722,196

9. Property, plant and equipment

During the half-year ended 31 December 2015, the Group acquired assets with cost of \$ 692,485 (30 June 2015: \$264,572).

10. Earnings per share

Both the basic and diluted earnings per share have been calculated using the profit attributable to shareholders of the parent company (Victor Group) as the numerator, i.e. no adjustments to profits were necessary during the six months period to 31 December 2015 and 2014.

The number of ordinary shares used in the calculation of the divided earnings per share is the same as the number used in the calculation of basic earnings per share, as there are no options on issue.

	Consolidated Group	
	6 Months to 31 Dec 2015	6 Months to 31 Dec 2014
	\$	\$
Profit used to calculate basic and dilutive EPS	568,492	3,084,290
Weighted average number of ordinary shares for basic earnings per share	519,560,000	519,560,000
Adjustments for calculation for diluted earnings per share	-	-
Weighted average number of ordinary shares adjusted for the effect of dilution	<u>519,560,000</u>	<u>519,560,000</u>
Basic earnings per share	0.11cents	0.59cents
Diluted earnings per share	0.11cents	0.59cents

11. Share capital

	Consolidated Group	
	6 Months to	Year to
	31 Dec 2015	30 June 2015
Amounts in shares:		
Shares issued and fully paid:		
Beginning of the period	519,560,000	519,560,000
Shares issued following capital raising	-	-
End of the period	519,560,000	519,560,000

12. Dividends

No dividends have been paid or provided by the group during the second half of 2015 (30 June 2015: Nil).

13. Contingent liabilities

The Group has no contingent liabilities as at 31 December 2015 (30 June 2015: Nil).

14. Commitments

During the 6 months period ended 31 December 2015, Kesheng Business Consulting (Shanghai) Ltd (subsidiary of Victor Group Holdings Limited) entered in a lease agreement for the rent of office amounting to RMB 360,000 (\$75,996). Total outstanding commitments as at 31 December 2015 are RMB 180,000 (\$37,998) [30 June 2015: RMB 3 million (\$641,400)].

15. Controlled Entities

During the 6 month period ended 31 December 2015, a series wholly owned subsidiaries of the group were incorporated for the purposes of seeking the opportunity to embed the traditional consulting service with the cloud-computing platform.

The new entities are:

- Synergy One Holding Limited (Cayman Island)
- Pride Green Limited (BVI)
- True Prosper Group Limited (BVI)
- Great Prospect Corporation Limited (HongKong)
- Yiya Investment Management (Shanghai) Company Limited (PRC)

16. Events after the reporting date

As at the signing date of the interim financial report, 86% of trade receivable balance (\$2,766,465) has been subsequently received by the Group.

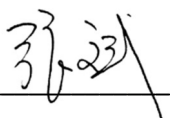
Except for the subsequently collection of the trade receivable balance there has not arisen in the interval between 31 December 2015 and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the consolidated group, the results of those operations, or the state of affairs of the consolidated group, in future years.

Directors' declaration

In accordance with a resolution of the directors of Victor Group Holdings Limited, the directors of the company declare that,

1. the financial statements and notes, as set out on pages 8 to 16, are in accordance with the *Corporations Act 2001*, including
 - (1) complying with Accounting Standard AASB 134 *Interim Financial Reporting*; and
 - (2) giving a true and fair view of its financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
2. in the directors' opinion 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 the directors:



Managing Director

Bin, Zhang

Dated the 29th day of February 2016

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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF VICTOR GROUP HOLDINGS LTD

We have reviewed the accompanying half-year financial report of Victor Group Holdings Ltd ("Company"), which comprises the consolidated financial statements being the statement of financial position as at 31 December 2015, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement or description of accounting policies, other explanatory information and the directors' declaration of the consolidated entity, comprising both the Company and the entities it controlled at the half-year's end or from time to time during the half-year..

Directors' responsibility for the half-year financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with the 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 Victor Group Holdings Ltd consolidated entity's financial position as at 31 December 2015 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.

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As the auditor of Victor Group Holdings Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

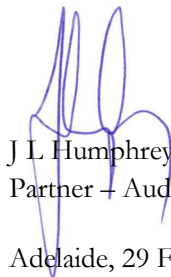
Conclusion

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 Victor Group Holdings Ltd 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 2015 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.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



J L Humphrey
Partner – Audit & Assurance

Adelaide, 29 February 2016