

Mazu Alliance Limited
ABN 45 077 226 183
and Controlled Entities

Restated half year financial report for period ended 31 December 2014



**MAZU ALLIANCE
LIMITED**

This information is for the half year ended 31 December 2014 and should be read in conjunction with the restated annual report for the year ended 30 June 2014

CONTENTS

CONTENTS.....	2
CORPORATE DIRECTORY.....	3
DIRECTORS' REPORT	4
DIRECTORS	4
REVIEW OF OPERATIONS	4
SIGNIFICANT EVENTS AFTER THE REPORTING DATE	6
GOING CONCERN.....	6
LEAD AUDITOR'S INDEPENDENCE DECLARATION	6
HALF YEAR FINANCIAL STATEMENTS.....	7
STATEMENT OF COMPREHENSIVE INCOME.....	7
STATEMENT OF FINANCIAL POSITION	8
STATEMENT OF CHANGES IN EQUITY	9
STATEMENT OF CASH FLOWS	10
NOTES TO THE FINANCIAL STATEMENTS	11
DIRECTORS' DECLARATION.....	19
LEAD AUDITOR'S INDEPENDENCE DECLARATION.....	20
INDEPENDENT REVIEW REPORT	21

CORPORATE DIRECTORY

DIRECTORS	Bingkun HUANG (Chairman) Qinghuo HUANG Yong Teng Dixie KOR Huichun (Tom) XU Yuling (Lynn) XU Hong WEI
COMPANY SECRETARY	Raymond TAYLOR
REGISTERED OFFICE	c/- Calder Roth & Co Level 2, 10 Outram Street WEST PERTH WA 6005
BUSINESS ADDRESS	Level 36, Governor Phillip Tower 1 Farrer Place SYDNEY NSW 2000 Telephone: +61 2 8011 4099 Facsimile: +61 2 4044 0111
SHARE REGISTRY	Security Transfer Registrars Address: 770 Canning Highway, Applecross WA 6153 Postal: PO Box 535, Applecross WA 6953 Telephone: +61 8 9315 2333 Facsimile: +61 8 9315 2233 Email: registrar@securitytransfer.com.au
HOME EXCHANGE	Australian Securities Exchange ASX Code: MZU
AUDITOR	DFK Richard Hill 2 nd Floor, 32-36 Martin Place SYDNEY NSW 2000

DIRECTORS' REPORT

Your directors submit their restated report for the half year ended 31 December 2014.

The directors have had reason to restate the accounts and represent them to shareholders, arising from a change in the accounting standards adopted.

The Company previously recognised and disclosed land usage rights in China as Property under AASB 116, on the basis that such land in China is synonymous with freehold land because the lessee has renewal rights at the expiration of any lease term. On this basis, the treatment complies with AASB 116 which allows recognition of such assets at fair value at each balance date. This method of recognition previously adopted by the Company is consistent with the recognition method utilised by a number of other companies including ASX listed entities. However, given the deviation of opinions and the differing industry practice, the board has noted the very recent preferences expressed by Australian regulators and as such, has now adopted the alternative recognition of the asset as an intangible asset under AASB138 which does not provide for annual fair value increases to be recognised, although the impairment losses (if any) are still recognised.

In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

DIRECTORS

The directors of Mazu Alliance Limited at any time during or since the end of the half year are:

Gabriel EHRENFELD (Appointed 07/11/2011, Resigned 15/04/2015 effective from 27/04/2015)
Bingkun HUANG (Appointed 10/06/2011)
Qinghuo HUANG (Appointed 08/04/2015)
Yong Teng Dixie KOR (Appointed 01/09/2011)
Fuling (Teddy) LI (Appointed 01/09/2011, Resigned 09/12/2014)
Tseng-Jung WANG (Appointed 11/04/2012, Resigned 09/12/2014)
Huichun (Tom) XU (Appointed 15/04/2011)
Yuling (Lynn) XU (Appointed 21/03/2012)
Hong WEI (Appointed 08/04/2015)

REVIEW OF OPERATIONS

The Company is undertaking the development of Mazu City, raising additional capital and taking steps to have its securities reinstated to quotation on ASX.

The Mazu City site now has 7 temples built or under construction.

Zhangzhou Wushi Tourism Development Co Ltd has engaged Zhangpu Wushi Palace of Queen of Heaven Administrative Committee (*the Committee*) to manage the day-to-day operation of the existing Wushi Palace of Queen of Heaven Temple. The Committee has the right to pay all operational costs from the revenue received. The arrangement requires that any net profit from the operation is to be remitted to Zhangzhou Wushi Tourism Development Co Ltd on a timely basis. Operations are still at an early stage and there have not been net profits to date. This is not anticipated to change prior to the

comprehensive commercialisation of the temple and other Mazu City operations, which commercialisation activities shall only become sufficiently advanced following future capital raising activities by the Company.

On 1 November 2013, the Company announced that it would be seeking to raise capital through a public offering at \$2.25 per share in 2014. The Company effected the necessary arrangements in 2014 and is undertaking this capital raising in 2015. On 13 April 2015, the Company lodged a prospectus with ASIC for the purpose of raising between \$4,050,000 and \$9,000,000 in capital, re-establishing a spread of shareholders, and meeting the compliance requirements for reinstatement to quotation of its securities on ASX. The prospectus is currently subject to a stop order from ASIC. The restatement of these accounts will enable the Company to progress with the capital raising.

On 27 November 2014, the Company announced that it had appointed Lama Tsewang Rigzin as the Company's Chief Buddhist Adviser to advise the Company on various Buddhist affairs. Lama Tsewang is the religious leader of the Tibetan Buddhism Nyingma Sect.

Lama Tsewang has studied Buddhism law at Zha Na Temple (in Changdu, Tibet), Yarchen Vddiyana Meditation Monastery (in Sichuan, China), and Larung Gar Five Sciences Buddhist Academy (in Sichuan, China). Lama Tsewang is the current abbot of the Zha Na Temple in Gongjue County, in the Changdu Prefecture of Tibet. This is a significant Buddhist temple with over 200 Buddhist lamas and grounds exceeding 800 hectares that include schools, an Institute of Buddhist Studies and an orphanage. Lama Tsewang is a frequent traveller across China to propagate Buddhism within the Han nationality. He has followers across the world, and is a notable humanitarian. He and his lamas frequently participate in earthquake and disaster relief operations, and raise donations for these causes.

Debtors

The largest debtor of the Company owed RMB 9.65 million (AUD 1.89 million) to the Company, and this debt was settled during this reporting period, by way of transferring the ownership of a quantity of Maotai liquor to the Group. In the Company's opinion, the value of the stock received to date has a realisable value of at least RMB 4,000,000, and the remainder of the debt will be paid by the receipt of a further quantity of Maotai liquor that is proportionate to the balance of the outstanding debt.

Construction Contract

The Company's subsidiary, Zhangzhou Wushi Tourism Development Co Ltd, entered into a contract with Enjoyer Co Ltd for construction of some elements at the Mazu City site. Pursuant to the construction contract, Enjoyer Co Ltd was required to pay a construction bond of RMB 5.6 million (AUD 1.1 million), which sum was paid. In the event of successful completion of the construction contract, Enjoyer Co Ltd would be entitled to the return of the bond. In the event that the contract was not successfully completed, the bond would be forfeited by Enjoyer Co Ltd to the Company.

The contract was subject to the total compliance of its CEO, Mr Jianqiang Zhang, with the terms of a share subscription agreement with the Company to subscribe for shares to the value of RMB 60 million (AUD 11.73 million) in the Company. Mr Zhang did not comply with the share subscription agreement. Accordingly, the Company terminated the construction contract and became entitled to the RMB 5.6 million construction bond. The Company issued the required notarised documents in accordance with Chinese law. The debtor did not take the required legal steps within the statutory time and has lost entitlement to the bond. The Company will recognise the same as revenue in the following period upon further verification that there are no more legal steps available to the debtor.



SIGNIFICANT EVENTS AFTER THE REPORTING DATE

Other than as set out below and elsewhere in this report, there are no significant events after the reporting date.

Constitution

On 28 April 2015, by special resolution, the members adopted a replacement constitution for the Company. The replacement constitution is broadly consistent with the provisions of the previous constitution, and incorporates amendments to the Corporations Act and ASX Listing Rules since the previous constitution was adopted on 25 July 2000.

GOING CONCERN

Relating to the financial position of the Company pursuant to S299A(1)(b) of the Corporations Act 2001, the Company recorded an operating loss of \$894,484 and had net cash outflows from operating activities of \$32,013 for the half year ended 31 December 2014 leaving cash and cash equivalents of \$166,025. The group has a net shortfall of current assets of \$3,209,830 (Current Assets less Current Liabilities) but a total surplus of all assets over liabilities of \$40,438,388. This potentially creates a short term funding difficulty. These factors indicate a significant uncertainty as to whether the company will continue as a going concern and therefore whether it will be able to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The directors believe after consideration of the following matters, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable and is a going concern because of the following factors:

- The ability to raise additional capital;
- The Company has net assets of \$40,438,388;
- The Company expects to recognise the Enjoyer bond in the next period without a related liability; and
- The ability to collect debtors outstanding and liquidate current assets.

The financial report does not contain any adjustments to the amounts or classification of recorded assets or liabilities which might be necessary if the company was not to continue as going concern.

LEAD AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration under section 307C of the *Corporations Act 2001* for the half year ended 31 December 2014 is attached to this report.

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

Bingkun Huang
Director

A handwritten signature in black ink, appearing to read "Bingkun Huang", written over a horizontal line.

Dated this 17th day of July 2015



HALF YEAR FINANCIAL STATEMENTS (RESTATED)

STATEMENT OF COMPREHENSIVE INCOME (RESTATED)

FOR PERIOD ENDED 31 DECEMBER 2014

Note	Six months to 31 Dec 2014 (Restated)	Six months to 31 Dec 2013 (Restated)
Revenue		
Income from investments	-	\$266
Expenses recouped	\$131,191	-
Total revenue	\$131,191	\$266
Expenses		
Amortisation	\$898,889	\$940,980
ASX listing fee	-	\$20,000
Depreciation	\$28,420	\$27,750
General & administrative expenses	\$98,377	\$67,220
Impairment of buildings and infrastructure	-	-
Impairment of land rights	-	-
Operating expenses	-	\$24,826
Unrealised foreign exchange	(\$13)	-
Total expenses	\$1,025,674	\$1,080,776
Profit / (loss)		
Profit / (loss) before income tax	(\$894,484)	(\$1,080,510)
Income tax expense	-	-
Net profit / (loss) from continuing operations	(\$894,484)	(\$1,080,510)
Net profit / (loss) for the period	(\$894,484)	(\$1,080,510)
Other comprehensive income		
Total comprehensive income for the year	(\$894,484)	(\$1,080,510)
Net profit / (loss) attributable to:		
Members of the parent entity	(\$894,484)	(\$1,080,510)
Non-controlling interests	-	-
Earnings per share for the period		
Basic profit / (loss) per share (cents per share)	(0.38)	(0.46)
Diluted profit / (loss) per share (cents per share)	(0.32)	(0.39)

The above Statement of Comprehensive Income (Restated) should be read in conjunction with the accompanying notes.
This information is for the half year ended 31 December 2014 and should be read in conjunction with the restated annual report for the year ended 30 June 2014.

**STATEMENT OF FINANCIAL POSITION (RESTATED)
FOR PERIOD ENDED 31 DECEMBER 2014**

	Note	31 Dec 2014 (Restated)	30 Jun 2014 (Restated)
ASSETS			
Current Assets			
Cash & cash equivalents		\$166,025	\$162,736
Material & inventories		\$872,847	\$104,346
Other assets		\$71,518	\$112,259
Total Current Assets		\$1,110,391	\$379,341
Non-Current Assets			
Construction in progress	3.2	\$1,887,360	\$1,641,600
Infrastructure and building improvements	3.2	\$8,593,632	\$7,301,700
Land usage rights	2, 3.1	\$49,630,037	\$43,681,808
Plant & equipment		\$150,638	\$157,681
Trade and other receivables		\$2,137,035	\$2,541,895
Total Non-Current Assets		\$62,398,702	\$55,324,680
Total Assets		\$63,509,093	\$55,704,021
LIABILITIES			
Current Liabilities			
Trade and other payables		\$4,320,221	\$3,859,025
Total Current Liabilities		\$4,320,221	\$3,859,025
Non-Current Liabilities			
Deferred tax liability		\$18,750,484	\$15,885,358
Total Non-Current Liabilities		\$18,720,484	\$15,885,358
Total Liabilities		\$23,070,705	\$19,744,383
NET ASSETS		\$40,438,388	\$35,959,638
EQUITY			
Issued capital		\$62,741,586	\$62,741,586
Accumulated profit / (loss)		(\$34,344,202)	(\$33,449,719)
Reserves		\$12,041,001	\$6,667,770
Total Shareholders' Equity		\$40,438,388	\$35,939,638

The above Statement of Financial Position (Restated) should be read in conjunction with the accompanying notes. This information is for the half year ended 31 December 2014 and should be read in conjunction with the restated annual report for the year ended 30 June 2014.

**STATEMENT OF CHANGES IN EQUITY (RESTATED)
FOR PERIOD ENDED 31 DECEMBER 2014**

Consolidated group	Share Capital	Accumulated Losses (Restated)	Reserves		Total (Restated)
			Share Capital Option Reserve	Foreign Exchange Reserve (Restated)	
Balance as at 1 July 2013	\$62,741,586	(\$29,007,708)	\$1,000	\$8,920,974	\$42,655,851
Profit / (loss) for the half year	-	(\$1,080,510)	-	-	(\$1,080,510)
Movement in foreign translation reserve	-	-	-	\$2,573,547	\$2,573,547
Balance as at 31 December 2013	\$62,741,586	(\$30,088,220)	\$1,000	\$11,494,521	\$44,148,887
Balance as at 1 July 2014	\$62,741,586	(\$33,449,718)	\$1,000	\$6,666,770	\$35,959,638
Profit / (loss) for the half year	-	(\$894,484)	-	-	(\$894,484)
Movement in foreign translation reserve	-	-	-	\$5,373,231	\$5,373,231
Balance as at 31 December 2014	\$62,741,586	(\$34,344,202)	\$1,000	\$12,040,001	\$40,438,388

The above Statement of Changes in Equity (Restated) should be read in conjunction with the accompanying notes.

This information is for the half year ended 31 December 2014 and should be read in conjunction with the restated annual report for the year ended 30 June 2014.

**STATEMENT OF CASH FLOWS (RESTATED)
FOR PERIOD ENDED 31 DECEMBER 2014**

Notes	31 Dec 2014	31 Dec 2013
Cash Flows from Operating Activities		
Payments to creditors & suppliers	(\$32,013)	(\$58,431)
Interest received	-	\$266
Net Cash Outflows from Operating Activities	(\$32,013)	(\$58,165)
Cash Flows from Investing Activities		
Net Cash Outflows from Investing Activities	-	-
Cash Flows from Financing Activities		
Net Cash Outflows from Financing Activities	-	-
Net movement in cash	(\$32,013)	(\$58,165)
Cash at the beginning of the financial half year	\$162,736	\$311,715
Effect of foreign currency translation	\$35,302	\$59,088
Cash at the end of the period	\$166,025	\$312,638

The above Statement of Cash Flows (Restated) should be read in conjunction with the accompanying notes.

This information is for the half year ended 31 December 2014 and should be read in conjunction with the restated annual report for the year ended 30 June 2014.

NOTES TO THE FINANCIAL STATEMENTS FOR PERIOD ENDED 31 DECEMBER 2014

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

This general purpose financial report for the half year reporting period ended 31 December 2014 has been prepared in accordance with the Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 30 June 2014 and any public announcements made by Mazu Alliance Limited during the interim reporting period, in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted in this interim financial report are the same as those policies applied in the 2014 Annual Report, except for the following:

(i) *Change in accounting policy*

The Group has made a change to its accounting policy relating to land usage rights in China. It previously recognised and disclosed land usage rights in China as Property at fair value under AASB 116, the effect of which was that land usage rights were subject to revaluation, and then carried at the revalued amount, being the fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Given the deviation of opinions and the differing industry practice, the board has noted the very recent preferences expressed by Australian regulators and as such, the Group has now adopted the alternative recognition of the assets as an intangible asset under AASB 138. AASB 138 does not provide for annual fair value increases to be recognised, although the impairment losses (if any) are still recognised.

Please also refer to Note 2 and Note 8 for the restated value of the land usage rights in accordance with AASB 138, and the resulting impact on other accounts in the financial statements.

(ii) *New accounting standards and interpretations*

The Company has adopted all of the new and revised standards and interpretations issued by the Australian accounting standards board that are relevant to its operations and effective for the current period. This adoption has not resulted in any changes to the Company's accounting policies and has no effect on the amounts reported in the current and prior periods.

NOTE 1

SIGNIFICANT ACCOUNTING JUDGMENTS

The Company's subsidiary, Zhangzhou Wushi Tourism Development Co Ltd, entered into a contract with Enjoyer Co Ltd for construction of some elements at the Mazu City site. Pursuant to the construction contract, Enjoyer Co Ltd was required to pay a construction bond of RMB 5.6 million (AUD 1.1 million), which sum was paid. In the event of successful completion of the construction contract, Enjoyer Co Ltd would be entitled to the return of the bond. In the event that the contract was not successfully completed, the bond would be forfeited by Enjoyer Co Ltd to the Company.

The contract was subject to the total compliance of its CEO, Mr Jianqiang Zhang, with the terms of a share subscription agreement with the Company to subscribe for shares to the value of RMB 60 million (AUD 11.73 million) in the Company. Mr Zhang did not comply with the share subscription agreement. Accordingly, the Company terminated the construction contract and became entitled to the RMB 5.6 million construction bond. The Company issued the required notarised documents in accordance with Chinese law. The debtor did not take the required legal steps within the statutory time and has lost entitlement to the bond. The Company will recognise the same as revenue in the following period upon further verification that there are no more legal steps available to the debtor. Prior to recording this amount as income, the Company will await receipt of a definitive legal opinion.

As stated in the Directors' Report above, the Company has changed its accounting policy in relation to land usage rights in China.

NOTE 2 (Restated)

Land usage rights	31 Dec 2014	30 Jun 2014
BASED ON CHANGE OF RECOGNITION OF LAND FROM AASB 116 TO AASB 138		
Commercial land	\$16,055,595	\$13,964,937
Less accumulated amortisation of land rights (40 Years)	(\$1,204,170)	(\$789,096)
Residential land	\$36,335,864	\$31,604,439
Less accumulated amortisation of land rights (70 Years)	(\$1,557,251)	(\$1,098,473)
Total land usage rights	\$49,630,037	\$43,681,808

NOTE 3

Independent valuation of land usage rights

Although the accounting standard requires the values to be carried as set out above, it is noted that on 9 January 2015, the board obtained an independent valuation from a licensed valuer for the land and improvements as set out below. The exchange rate utilised is the Reserve Bank exchange rate as at 29 June 2015, which is AUD 1.0000 = RMB 4.7497.

NOTE 3.1

Market value of land usage rights as at 9 January 2015	RMB	AUD
Commercial land	81,666,300	\$17,193,991
Residential land	293,927,960	\$61,883,479
Total market value of land usage rights	375,594,260	\$79,077,470

NOTE 3.2

Market value of improvements as at 9 January 2015	RMB	AUD
Building improvements	20,800,000	\$4,379,224
Construction in progress	9,600,000	\$2,021,180
Infrastructure	28,000,000	\$5,895,109
Total market value of improvements	58,400,000	\$12,295,513

NOTE 3.3

Total value of land usage rights & improvements as at 9 January 2015	RMB	AUD
Total market value of land usage rights	375,594,260	\$79,077,470
Total market value of improvements	58,400,000	\$12,295,513
Total market value of land usage rights and improvements	433,994,260	\$91,372,984

NOTE 4

Foreign Translation Reserve

During the reporting period, there was a significant change in the exchange rate between the Australian dollar (AUD) and the Chinese Renminbi (RMB). The result was a movement in the Company's foreign translation reserve of \$4,714,970, increasing it from the restated balance of \$6,666,770 as at 1 July 2014 to \$11,381,740 as at 31 December 2014.

NOTE 5

Segment Information

The consolidated group was only operating in the construction and operation of religious shrines and ancillary religious activities in China during the half year.

NOTE 6

Contingent Liabilities

The Company did not have any contingent liabilities at 31 December 2014 or 31 December 2013 except for those listed below.

The GXG Acquisition Trust has expended \$870,000 excluding GST on office, travel and personnel expenses that has not been brought to account for the Company. The amount owed to GXG Acquisition Trust of \$724,055 as a current liability is due and will be repaid out of the capital raising to be conducted by the Company. The amount of \$870,000 will only be paid if the capital to be raised by the company exceeds \$5,000,000 in total.

On 7 June 2011, the shareholders of the Company approved the payment to the GXG Acquisition Trust of a success fee of 5% plus GST and disbursements on all capital sums raised on behalf of the Company prior to quotation on ASX. On 15 June 2011, the Deed Administrator on behalf of the Company entered into an agreement with the GXG Acquisition Trust for the payment of the success fees approved by the shareholders. At acquisition value, the success fee payable on the acquisition of the temple assets is \$2,761,513. This amount may rise or fall under the terms of the contract. GXG Acquisition Trust has advised that other than \$151,350 plus GST, it currently does not intend to claim the balance of this amount prior to the Company raising sufficient capital to meet the obligation. Accordingly, the Company has only made provision for payment of \$151,350 plus GST of this amount at this time. GXG Acquisition Trust has advised that it would seek payment of this amount in the future at the following rates: nil from the first \$5,000,000 raised; a reduction in the obligation if more than \$5,000,000 is raised at the rate of 30 cents per dollar raised up to a total raising of \$9,000,000; and a reduction in the obligation if more than \$9,000,000 is raised at the rate of 43 cents per dollar until the full obligation is discharged.

NOTE 7

Going Concern

Relating to the financial position of the Company pursuant to S299A(1)(b) of the Corporations Act 2001 the Company recorded an operating loss of \$894,484 and had net cash outflows from operating activities of \$32,013 for the half year ended 31 December 2014 leaving cash and cash equivalents of \$166,025. The group has a net shortfall of current assets of \$3,209,830 (Current Assets less Current Liabilities) but a total surplus of all assets over liabilities of \$40,438,388. This potentially creates a short term funding difficulty. These factors indicate a significant uncertainty as to whether the company will continue as a going concern and therefore whether it will be able to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The directors believe after consideration of the following matters, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable and is a going concern because of the following factors:

- The ability to raise additional capital;
- The Company has net assets of \$40,438,388;
- The Company expects to recognise the Enjoyer bond in the next period without a related liability; and
- The ability to collect debtors outstanding and liquidate current assets.

The financial report does not contain any adjustments to the amounts or classification of recorded assets or liabilities which might be necessary if the company was not to continue as going concern.

NOTE 8

Impact arising from a change in accounting policy

a. Impact on Statement of Comprehensive Income – Six months to 31 December 2014

	Six months to 31-Dec-14	Change in Profit Increase/(Decrease)	Six months to 31-Dec-14 (Restated)
Revenue			
Income from investments	-		-
Expenses recouped	\$131,191		\$131,191
Total revenue	\$131,191		\$131,191
Expenses			
Amortisation	\$1,085,902	(\$187,013)	\$898,889
ASX listing fee	-		-
Depreciation	\$28,420		\$28,420
General & administrative expenses	\$98,377		\$98,377
Impairment of buildings and infrastructure	-		-
Impairment of land rights	-		-
Operating expenses	-		-
Unrealised foreign exchange	(\$13)		(\$13)
Total expenses	\$1,212,686	(\$187,013)	\$1,025,674
Profit / (loss)			
Profit / (loss) before income tax	(\$1,081,495)	\$187,013	(\$894,484)
Income tax expense	-		-
Net profit / (loss) from continuing operations	(\$1,081,495)	\$187,013	(\$894,484)
Net profit / (loss) for the period	(\$1,081,495)	\$187,013	(\$894,484)
Other comprehensive income			
Total comprehensive income for the year	(\$1,081,495)	\$187,013	(\$894,484)
Net profit / (loss) attributable to:			
Members of the parent entity	(\$1,081,495)	\$187,013	(\$894,484)
Non-controlling interests	-		-
Earnings per share for the period:			
Basic profit / (loss) per share (cents per share)	(0.46)	(0.46)	(0.38)
Diluted profit / (loss) per share (cents per share)	(0.39)	(0.39)	(0.32)



b. Impact on Statement of Comprehensive Income – Six months to 31 December 2013

	Six months to 31-Dec-13	Change in Profit Increase/(Decrease)	Six months to 31-Dec-13 (Restated)
Revenue			
Income from investments	\$266		\$266
Expenses recouped	-		-
Total revenue	\$266		\$266
Expenses			
Amortisation	\$1,012,952	(\$71,972)	\$940,980
ASX listing fee	\$20,000		\$20,000
Depreciation	\$27,750		\$27,750
General & administrative expenses	\$67,220		\$67,220
Impairment of buildings and infrastructure	-		-
Impairment of land rights	-		-
Operating expenses	\$24,826		\$24,826
Unrealised foreign exchange	-		-
Total expenses	\$1,152,748	(\$71,972)	\$1,080,776
Profit / (loss)			
Profit / (loss) before income tax	(\$1,152,482)	\$71,972	(\$1,080,510)
Income tax expense	-		-
Net profit / (loss) from continuing operations	(\$1,152,482)	\$71,972	(\$1,080,510)
Net profit / (loss) for the period	(\$1,152,482)	\$71,972	(\$1,080,510)
Other comprehensive income			
Total comprehensive income for the year	(\$1,152,482)	\$71,972	(\$1,080,510)
Net profit / (loss) attributable to:			
Members of the parent entity	(\$1,152,482)	\$71,972	(\$1,080,510)
Non-controlling interests	-		-
Earnings per share for the period:			
Basic profit / (loss) per share (cents per share)	(0.49)	0.03	(0.46)
Diluted profit / (loss) per share (cents per share)	(0.42)	0.03	(0.39)



c. Impact on Statement of Financial Position – 31 December 2014

	31-Dec-2014	Change in Accounting Policy Increase/ (Decrease)	31-Dec-2014 (Restated)
ASSETS			
Current Assets			
Cash & cash equivalents	\$166,025		\$166,025
Material & inventories	\$872,847		\$872,847
Other assets	\$71,518		\$71,518
Total Current Assets	\$1,110,390		\$1,110,391
Non-Current Assets			
Building improvements	\$8,814,301	(\$220,669)	\$8,593,632
Construction in progress	\$1,498,737	\$388,623	\$1,887,360
Land usage rights	\$71,225,614	(\$21,595,577)	\$49,630,037
Plant & equipment	\$150,638		\$150,638
Trade and other receivables	\$2,137,035		\$2,137,035
Total Non-Current Assets	\$83,826,325	(\$21,427,623)	\$62,398,702
Total Assets	\$84,936,715	(\$21,427,623)	\$64,289,390
LIABILITIES			
Current Liabilities			
Trade and other payables	\$4,320,221		\$4,320,221
Total Current Liabilities	\$4,320,221		\$4,320,221
Non-Current Liabilities			
Deferred tax liability	\$25,451,035	(\$6,700,551)	\$18,750,484
Total Non-Current Liabilities	\$25,451,035	(\$6,700,551)	\$18,750,484
Total Liabilities	\$29,771,256	(\$6,700,551)	\$23,070,705
NET ASSETS	\$55,165,459	(\$14,727,072)	\$40,438,388
EQUITY			
Issued capital	\$62,741,586		\$62,741,586
Accumulated profit / (loss)	(\$21,931,790)	(\$12,412,412)	(\$34,344,202)
Reserves	\$14,355,663	(\$2,314,662)	\$12,041,001
Total Shareholders' Equity	\$55,165,459	(\$14,727,073)	\$40,438,388

d. Impact on Statement of Financial Position – 30 June 2014

	30-Jun-2014	Change in Accounting Policy Increase/ (Decrease)	30-Jun-2014 (Restated)
ASSETS			
Current Assets			
Cash & cash equivalents	\$162,736		\$162,736
Material & inventories	\$104,346		\$104,346
Other assets	\$112,259		\$112,259
Total Current Assets	\$379,341		\$379,341
Non-Current Assets			
Building improvements	\$7,301,700		\$7,301,700
Construction in progress	\$1,641,600		\$1,641,600
Land usage rights	\$61,558,750	(\$17,876,945)	\$43,681,808
Plant & equipment	\$157,681		\$157,681
Trade and other receivables	\$2,541,895		\$2,541,895
Total Non-Current Assets	\$73,201,626	(\$17,876,945)	\$55,324,680
Total Assets	\$73,580,967	(\$17,876,945)	\$55,704,021
LIABILITIES			
Current Liabilities			
Trade and other payables	\$3,859,026		\$3,859,025
Total Current Liabilities	\$3,859,026		\$3,859,025
Non-Current Liabilities			
Deferred tax liability	\$21,512,019	(\$5,626,661)	\$15,885,358
Total Non-Current Liabilities	\$21,512,019	(\$5,626,661)	\$15,885,358
Total Liabilities	\$25,371,045	(\$5,626,661)	\$19,744,383
NET ASSETS	\$48,209,922	(\$12,250,284)	\$35,959,638
EQUITY			
Issued capital	\$62,741,586		\$62,741,586
Accumulated profit / (loss)	(\$20,850,293)	(\$12,599,426)	(\$33,449,719)
Reserves	\$6,318,629	\$349,141	\$6,667,770
Total Shareholders' Equity	\$48,209,922	(\$12,250,285)	\$35,959,638



DIRECTORS' DECLARATION

The restated half year report is the responsibility of, and has been approved by, the directors. In accordance with a resolution of the directors of Mazu Alliance Limited, the directors declare that, to the best of their knowledge and in their reasonable opinion:

- (a) The restated financial statements and notes of the economic entity, as set out on pages 4 to 13:
 - (i) comply with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations; and
 - (ii) give a true and fair view of the economic entity's financial position as at 31 December 2014 and of its performance for the half year ended on that date.
- (b) Subject to the matters set out in this report, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board.

Bingkun Huang
Director

A handwritten signature in black ink, appearing to read 'Bingkun Huang', written over a horizontal line.

Dated this 17th day of July 2015



MAZU ALLIANCE
LIMITED

Half year financial report for the period ended 31 December 2014

Mazu Alliance Limited ABN 45 077 226 183 and Controlled Entities

Lead auditor's independence declaration



LEADING ACCOUNTANTS AND BUSINESS ADVISERS

Partners:

Richard L S Hill
BCom FCA FCPA (PNG)

David G Sharp
BCom FCA

Michael J Schlederer
BCom CA CTA

T +61 2 9200 4500

F +61 2 9221 5935

E rhill@dfkrichardhill.com.au

W www.dfkrichardhill.com.au

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF MAZU ALLIANCE LIMITED AND CONTROLLED ENTITIES

I declare that, to the best of my knowledge and belief, during the half year ended 31 Dec 2014 there have been no contraventions of:

- i. the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. any applicable code of professional conduct in relation to the audit.

Richard Hill

Registered company auditor

Date: 17 July 2015

Address: Level 2, 32 Martin Place Sydney 2000



Liability Limited by a scheme approved
under Professional Standards Legislation

ABN 92 662 058 215
United Overseas Bank Building
Level 11, 32 Martin Place Sydney NSW 2000
GPO Box 104 Sydney NSW 2001



A worldwide association of independent
Accounting firms and business advisers



Partners:

Richard L S Hill
BCom FCA FCPA (PNG)

David G Sharp
BCom FCA

Michael J Schlederer
BCom CA CTA

T +61 2 9200 4500

F +61 2 9221 5935

E rhill@dfkrichardhill.com.au

W www.dfkrichardhill.com.au

MAZU ALLIANCE LIMITED ABN 45 077 226 183 AND CONTROLLED ENTITIES
INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF MAZU ALLIANCE LIMITED

Report on the Half-year Financial Report

We have reviewed the accompanying half-year financial report of Mazu Alliance Limited, which comprises the consolidated condensed statement of financial position as at 31 December 2014, the consolidated condensed statement of profit or loss, the consolidated condensed statement of comprehensive income, consolidated condensed statement of changes in equity, and consolidated condensed 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.

Directors' Responsibility for the Half-year Financial Report

The directors of Mazu Alliance 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 (including Australian Accounting Interpretations) and the *Corporation 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

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 Engagement 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 true and fair view of Mazu Alliance Limited's financial position as at 31 December 2014 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*. As the auditor of Mazu Alliance Limited, 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 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.



Liability Limited by a scheme approved
under Professional Standards Legislation

ABN 92 662 058 215
United Overseas Bank Building
Level 11, 32 Martin Place Sydney NSW 2000
GPO Box 104 Sydney NSW 2001

A member firm of



A worldwide association of independent
Accounting firms and business advisers

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Mazu Alliance Limited, would be in the same terms if provided to the directors as at the time of this auditor's review report.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 7 in the financial report. The group recorded a net loss after tax of \$894,484 for the half year ended 31 December 2014 (2013: loss \$1,080,510), net cash outflows from operation of \$32,013 and a net shortfall of current assets over current liabilities of \$3,209,832. The group will need to raise further funds to meet its planned development of the company's Mazu complex in People Republic of China. These circumstance along with other matters as set out in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the group's ability to continue as a going concern and therefore, the group may be unable to realise its assets and discharge its liabilities in the normal course of business.

The directors believe after consideration of the following matters, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable and is a going concern because of the following factors:

- The ability to raise additional capital;
- The Company has net assets of \$40,438,385;
- The Company expects to recognise the Enjoyer bond in the next period without a related liability;
and
- The ability to collect debtors outstanding and liquidate current assets.

The financial report does not contain any adjustments to the amounts or classification of recorded assets or liabilities which might be necessary if the Company was not to continue as going concern.

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 Mazu Alliance Limited is not accordance with the *Corporations Act 2001* including:

- (i) giving a true and fair view of Mazu Alliance Limited's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
- (ii) complying with AASB 134: *Interim Financial Reporting and the Corporations Regulations 2001*.



Richard Hill
Registered company auditor
Date this 17 day of July 2015
Address: Level 2, 32 Martin Place Sydney 2000