



Dongfang Modern Agriculture Holding Group Limited

For the Half Year ended 30 June 2015

Dongfang Modern Agriculture Holding Group Limited
ACN 604 659 270
410/282 Victoria Ave,
Chatswood NSW 2067 Australia
T: +61 2 8964 8531
E: info@dongfangmodernagriculture.com.au

Financial Statements

For The Half Year Ended 30 June 2015

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Directors Report

For The Half Year Ended 30 June 2015

The Directors of Dongfang Modern Agriculture Holding Group Ltd ('Dongfang Modern Agriculture Holding Group' or 'DFM') present their Report together with the financial statements of the Consolidated Entity, being Dongfang Modern Agriculture Holding Group ('the Company') and its Controlled Entities ('the Group') for the half-year ended 30 June 2015.

Director details

The following persons were Directors of Dongfang Modern Agriculture Holding Group during or since the end of the financial half-year:

Mr. Hongwei Cai
Mr. Ming Sing Barton Tso
Mr. Chiu So
Ms. Dan Lin
Mr. Michael Wai-Man Choi

Review of operations and financial results

The harvest season is in the second half of the year. As a result there is no revenue in this first half of the year.

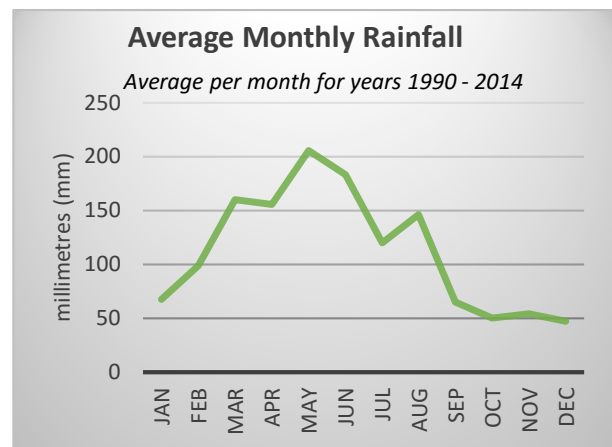
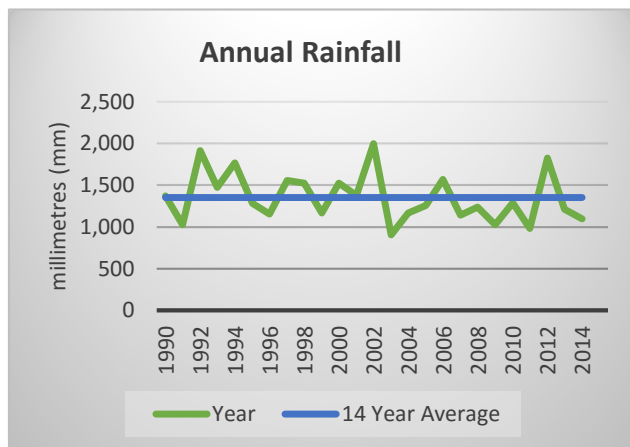
The operating result of the Group was a profit of RMB 10.1m (2014: RMB 2.2m) primarily as a result of lower discount rate used in the fair value calculation of orchards. The lower discount rate is due to a lowering of China interest rates.

Earnings per share have increased during the period to RMB 0.03 (2014: RMB 0.01 - note as the company was incorporated in March 2015 this 2014 comparative is based on the 2015 issued shares as outlined in the notes to these accounts). It is noted that these half year results are not reflective of the full year results due to the seasonality of the business where all revenue comes in the December half year end.

August 2015 Harvest Progress Update

Ganzhou Chinese produced a total volume of 200,548 metric tonnes of fruit in FY2014, of which tangerine accounted for over 52% of the harvest volume and more than 56% of the total revenue generated. 2015 estimates remain on track.

Below are graphs of Annual rainfall and average rainfall per month over the past 14 years.

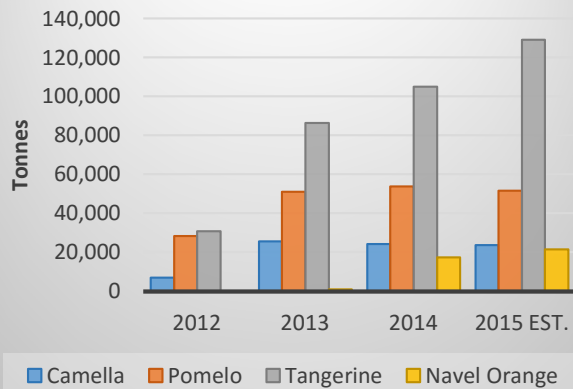


Weather conditions remain stable within the region.

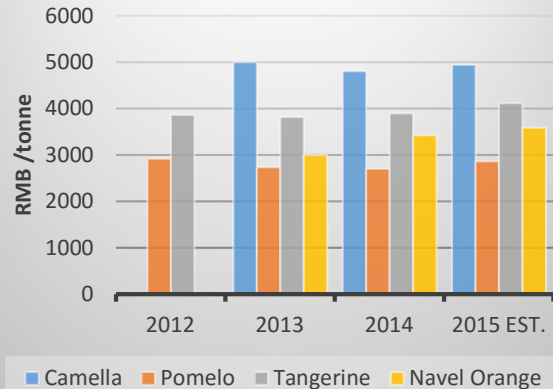
Directors Report

For The Half Year Ended 30 June 2015

Annual Harvest Volume



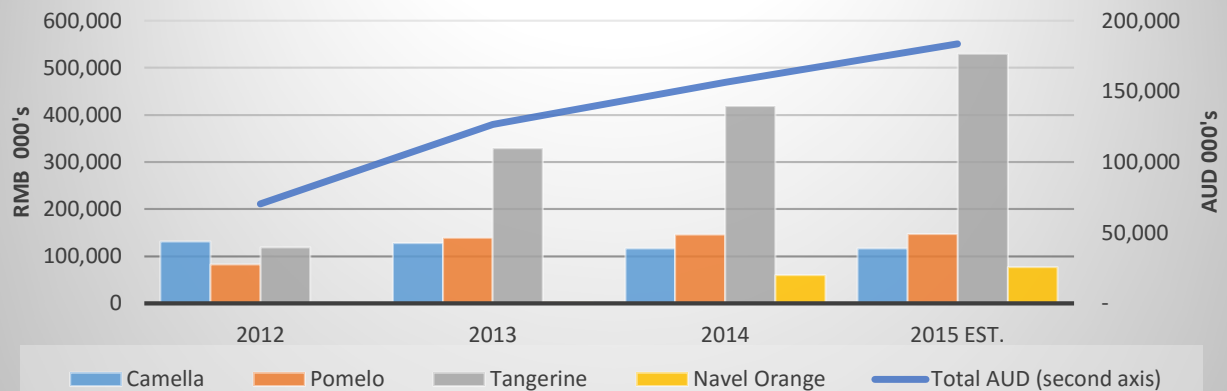
Product unit prices



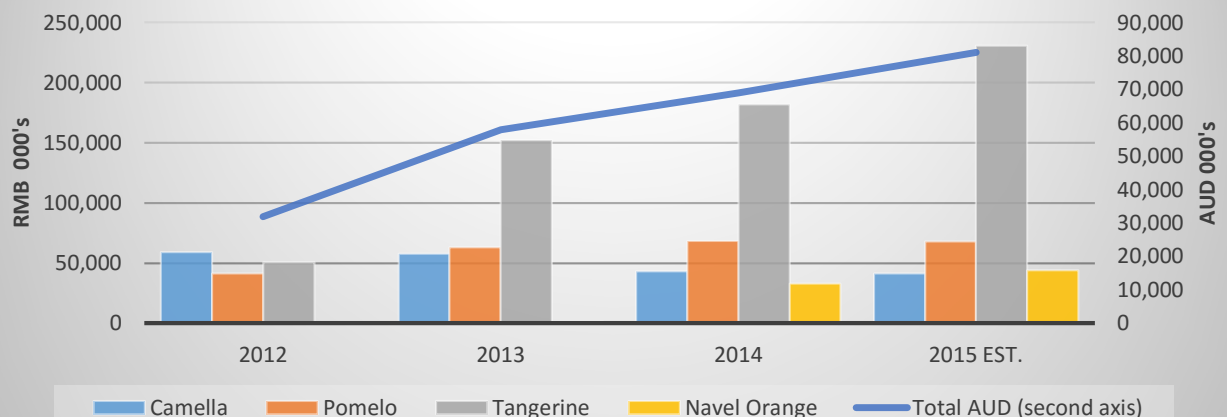
The 2012 Camellia unit price of RMB 18.6/kg is not comparative as camellia seeds were sold while from 2013 onwards camellia fruit was sold. As a result it is not included in the unit price comparison.

Estimates of product prices continue to remain strong for the 2015 harvest.

Revenue by Product



Gross Profit by Product



Directors Report

For The Half Year Ended 30 June 2015

The tables below show the typical growth cycle of Ganzhou Chinese's key citrus fruit and the relevant Agriculture activities involved in cultivation throughout a year in general. The growth cycle differs in each year. As can be seen below all revenue is generated from the harvest in the last few months of the year.

TANGERINE		
Month	Agriculture activities	Progress YTD August 2015
January	Nil	
February	Applying fertilizer and pesticides	Completed
March	Nil	
April	Nil	
May	Applying fertilizer and pesticides, Pruning, Weeding	Completed
June	Applying pesticides	Completed
July	Applying fertilizer	Completed
August	Nil	
September	Harvest	Current estimates are that the harvest volume and timing will be in line with prospectus projections
October	Harvest	Current estimates are that the harvest volume and timing will be in line with prospectus projections
November	Cleaning up plantation, Applying pesticides	
December	Antifreeze	

NAVEL ORANGE		
Month	Agriculture activities	Progress YTD August 2015
January	Weeding	Completed
February	Applying fertilizer and pesticides	Completed
March	Nil	
April	Nil	
May	Applying fertilizer, pesticides, pruning and weeding	Completed
June	Applying pesticides	Completed
July	Nil	
August	Applying fertilizer, pesticides	Completed
September	Nil	
October	Nil	
November	Harvest	Current estimates are that the harvest volume and timing will be in line with prospectus projections
December	Cleaning up plantation and Antifreeze	

Directors Report

For The Half Year Ended 30 June 2015

POMELO		
Month	Agriculture activities	Progress YTD August 2015
January	Nil	
February	Applying fertilizer and pesticides	Completed
March	Nil	
April	Nil	
May	Applying fertilizer, pesticides, pruning and weeding	Completed
June	Applying pesticides	Completed
July	Nil	
August	Applying fertilizer	Completed
September	Applying pesticides	on track
October	Harvest	Current estimates are that the harvest volume and timing will be in line with prospectus projections
November	Harvest	Current estimates are that the harvest volume and timing will be in line with prospectus projections
December	Cleaning up plantation and antifreeze	

CAMELLIA		
Month	Agriculture activities	Progress YTD August 2015
January	Nil	
February	Nil	
March	Applying fertilizer pesticides weeding	Completed
April	Nil	
May	Nil	
June	Nil	
July	Applying fertilizer	Completed
August	Nil	
September	Applying pesticides	on track
October	Harvest	Current estimates are that the harvest volume and timing will be in line with prospectus projections
November	Harvest	Current estimates are that the harvest volume and timing will be in line with prospectus projections
December	Cleaning up plantation and fertilizer	

Summary Financial results in Australian Dollars (AUD)

The Interim financial statements for the six (6) months ended 30 June 2015 are presented in Chinese Yuan (RMB), which is the functional currency of the Company. To assist shareholders a summary of these these results are also presented in this Directors Report below in Australian dollars (AUD). Note that the period represented is the non-harvest season. Revenue is generated in the second half year.

Directors Report

For The Half Year Ended 30 June 2015

Statement of Profit or Loss

AUD 1 = RMB	4.74	5.50
For the half-year ended 30 June 2015	30-Jun-15 AUD\$'000	30-Jun-14 AUD\$'000
Revenue	-	-
Other income	99	70
Change in fair value of investment property	3,030	656
Other expenses	(1,002)	(320)
Total comprehensive income for the period	2,127	406
Basic earnings per share	0.61	0.12
Diluted earnings per share	0.61	0.12

Statement of Financial Position

AUD 1 = RMB	4.74	4.46
	30-Jun-15 AUD\$'000	31-Dec-14 AUD\$'000
Assets		
Cash and cash equivalents	42,037	64,804
Trade and other receivables	408	17,662
Deferred Expenses	45,351	21,222
Current assets	87,796	103,688
Non-current assets	153,455	148,836
Total assets	241,251	252,524
Total liabilities	14,491	13,513
Net assets	226,760	239,011
Equity		
Share capital	-	-
Reserves	12,858	13,682
Retained earnings	213,902	225,329
Total equity	226,760	239,011

Initial Public Offering on the Australian Securities Exchange

The company is in the process of listing on the Australian Securities exchange. Through this listing it is expected between AUD\$39m and AUD\$50m will be raised. This listing process is expected to be completed around the middle of October 2015.

Auditor's Independence Declaration

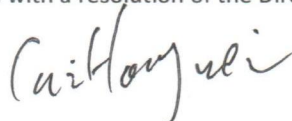
A copy of the Auditor's Independence Declaration as required under s307C of the Corporations Act 2001 is included on page 8 of this financial report and forms part of this Directors Report.

Rounding of amounts

Dongfang Modern Agriculture Holding Group is a type of Company referred to in ASIC Class Order 98/100 and therefore the amounts contained in this report and in the financial report have been rounded to the nearest \$1,000 (where rounding is applicable), or in certain cases, to the nearest dollar under the option permitted in the class order.

Signed in accordance with a resolution of the Directors.

Hongwei Cai
Chairman
8 September 2015



**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001**

TO THE DIRECTORS OF DONGFANG MODERN AGRICULTURAL HOLDING GROUP LIMITED

I declare that, to the best of my knowledge and belief, during the half-year ended 30 June 2015, there have been:

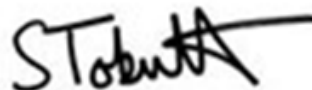
- a) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review, and
- b) no contraventions of any applicable code of professional conduct in relation to the review



PKF SYDNEY
Chartered Accountants

Sydney

Dated: 8 September 2015



SCOTT TOBUTT
Partner

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For The Half Year Ended 30 June 2015

For the half-year ended 30 June 2015	Notes	30-Jun-15 RMB '000	30-Jun-14 RMB '000
Revenue		-	-
Other income	7	471	383
Change in fair value of investment property	14	14,364	3,609
Other expenses	8	(4,753)	(1,761)
Profit before tax		10,082	2,231
Tax expense	9	-	-
Profit for the period from continuing operations		10,082	2,231
Profit / (loss) from the period from discontinued operations		-	-
Profit for the period		10,082	2,231
Other comprehensive income for the period, net of tax		-	-
Total comprehensive income for the period		10,082	2,231

For the half-year ended 30 June 2015	Notes	30-Jun-15 RMB '000	30-Jun-14 RMB '000
Profit for the period attributable to:			
· non-controlling interest		-	-
· owners of the Parent		10,082	2,231
		10,082	2,231
Total comprehensive income for the period attributable to:			
· non-controlling interest		-	-
· owners of the Parent		10,082	2,231
		10,082	2,231

For the half-year ended 30 June 2015	Notes	30-Jun-15 RMB	30-Jun-14 RMB
Earnings per share			
Basic earnings per share			
Earnings from continuing operations	21	0.03	0.01
Earnings from discontinued operations		-	-
Total		0.03	0.01
Diluted earnings per share			
Earnings from continuing operations	21	0.03	0.01
Earnings from discontinued operations		-	-
Total		0.03	0.01

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position

For The Half Year Ended 30 June 2015

As at 30 June 2015	Notes	30-Jun-15 RMB '000	31-Dec-14 RMB '000
Assets			
Current			
Cash and cash equivalents	16	199,307	288,767
Trade and other receivables	15	1,933	78,702
Deferred expenses	13	215,020	94,565
Current assets		416,260	462,034
Non-current			
Property, plant and equipment	12	489	738
Biological assets	14	702,837	388,473
Deposits for acquisition of Biological assets	14	-	240,000
Other long-term financial assets	13	24,237	33,999
Non-current assets		727,563	663,210
Total assets		1,143,823	1,125,244

As at 30 June 2015	Notes	30-Jun-15 RMB '000	31-Dec-14 RMB '000
Liabilities			
Current			
Trade and other payables	17	64,103	60,175
Borrowings	18	4,603	38
Current liabilities		68,706	60,213
Non-current liabilities		-	-
Total liabilities		68,706	60,213
Net assets		1,075,117	1,065,031
Equity			
Equity attributable to owners of the Parent:			
Share capital	20	2	-
Reserves	22	60,964	60,963
Retained earnings		1,014,151	1,004,068
		1,075,117	1,065,031
Total equity		1,075,117	1,065,031

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity

For The Half Year Ended 30 June 2015

For the half-year ended 30 June 2015	Share capital	Statutory reserve	Capital reserve	Exchange reserve	Retained earnings	Total attributable to owners of Parent	Non-controlling interest	Total equity
	RMB 000's	RMB 000's	RMB 000's	RMB 000's	RMB 000's	RMB 000's	RMB 000's	RMB 000's
Balance at 1 January 2015	-	20,321	40,642	-	1,004,069	1,065,032	-	1,065,032
Dividends	-	-	-	-	-	-	-	-
Issue of share capital under share-based employment scheme	-	-	-	-	-	-	-	-
Employee share-based payment options	-	-	-	-	-	-	-	-
Issue of share capital	2	-	-	-	-	2	-	2
Transactions with owners	2	20,321	40,642	-	1,004,069	1,065,034	-	1,065,034
Profit for the period	-	-	-	1	10,082	10,083	-	10,083
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	1	10,082	10,083	-	10,083
Balance at 30 June 2015	2	20,321	40,642	1	1,014,151	1,075,117	-	1,075,117

	RMB 000's	RMB 000's	RMB 000's	RMB 000's	RMB 000's	RMB 000's	RMB 000's	RMB 000's
Balance at 1 January 2014	-	20,321	40,642	-	621,509	682,472	-	682,472
Dividends	-	-	-	-	-	-	-	-
Issue of share capital under share-based employment scheme	-	-	-	-	-	-	-	-
Employee share-based payment options	-	-	-	-	-	-	-	-
Transactions with owners	-	20,321	40,642	-	621,509	682,472	-	682,472
Profit for the period	-	-	-	-	2,231	2,231	-	2,231
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	2,231	2,231	-	2,231
Balance at 30 June 2014	-	20,321	40,642	-	623,740	684,703	-	684,703

The accompanying notes form part of these financial statements

Consolidated Statement of Cash Flows

For The Half Year Ended 30 June 2015

For the half-year ended 30 June 2015	Notes	30-Jun-15 RMB '000	30-Jun-14 RMB '000
Operating activities			
Receipts from customers		-	-
Payments to suppliers and employees		(38,131)	(23,770)
Taxes paid		-	-
Net cash from continuing operations		(38,131)	(23,770)
Net cash from discontinued operations		-	-
Net cash from operating activities		(38,131)	(23,770)
Investing activities			
Purchase of property, plant and equipment		(51,802)	(38,404)
Interest received	7	471	383
Net cash used in investing activities		(51,331)	(38,021)
Financing activities			
Proceeds from issue of share capital		2	-
Interest paid		-	-
Dividends paid		-	-
Net cash from / (used in) financing activities		2	-
Net change in cash and cash equivalents		(89,460)	(61,791)
Cash and cash equivalents, beginning of period		288,767	220,419
Exchange differences on cash and cash equivalents		-	-
Cash and cash equivalents, end of period	16	199,307	158,628

The accompanying notes form part of these financial statements

Notes to the Financial Statements

For The Half Year Ended 30 June 2015

1. CORPORATE INFORMATION

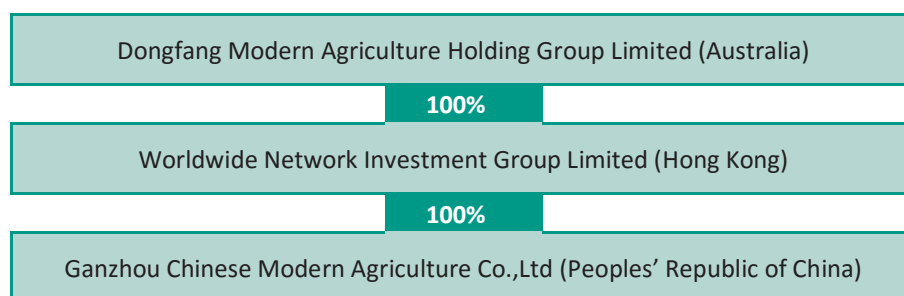
The Company was incorporated in Victoria, Australia on 10 March, 2015. The Company is the holding company of the Group with its main business operations conducted by its wholly owned subsidiary Ganzhou Chinese.

Ganzhou Chinese was incorporated in PRC on 14 October, 2005. Ganzhou Chinese is a limited liability company (wholly-invested by foreign enterprise legal person) under PRC law. Its AIC registered number is 360700520006245. Ganzhou Chinese has a paid up and registered capital of HKD 39,000,000.

Ganzhou Chinese is wholly owned by Worldwide Network Investment Group Limited ("Worldwide Network"), a company incorporated in Hong Kong.

On 15 May, 2015, as part of the restructure of the corporate group, the Company was issued with 99 shares in Worldwide Network paid to \$1.00 and acquired the existing 1 share paid to \$1.00 on issue to Hongwei Cai. As a result of this restructure, Worldwide Network became a wholly owned subsidiary of the Company.

Corporate Structure of Dongfang Modern Agriculture Holding Group Limited



2. BASIS OF PREPARATION

The Consolidated Financial Statements have been derived from the reviewed consolidated financial statements of Worldwide Network Investment Group Limited (Worldwide Network) and its subsidiary Ganzhou Chinese Modern Agriculture Co., Ltd (Ganzhou Chinese).

On 15 May 2015, the Company became the sole shareholder of Worldwide Network (the Acquisition). Prior to the Acquisition, Worldwide Network had one (1) ordinary share on issue. The Acquisition was effected via the following transactions:

- Worldwide Network issued 99 new ordinary shares to the Company for a total consideration of HK\$99.00; and
- The remaining one (1) ordinary share in Worldwide Network was transferred from the original shareholders to the Company for a total consideration of HK\$1.00.

As the shareholders of Worldwide Network, prior to the Acquisition, were the same as the shareholders of the Company on completion of the Acquisition, the Financial Information has been prepared as if the Company and Worldwide Network formed part of the same consolidated group for financial reporting purposes. In addition, the Acquisition has been treated as a "common control transaction" which does not meet the requirements of a "business combination" as set out in AASB 3 Business Combinations and accordingly, no additional intangible assets (including any goodwill) have been recognised upon completion of the Acquisition.

It should be noted that accounting estimates and assumptions are used in the preparation these consolidated financial statements. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher

Notes to the Financial Statements

For The Half Year Ended 30 June 2015

degree of judgement or complexity, or areas where assumptions and estimates are significant to these consolidated financial statements have been disclosed in Note 5,

As the Company was recently incorporated (10 March 2015), there were not statutory results for 31 December 2014 or 30 June 2014. For comparative purposes the Worldwide Network results for these periods are compared. For the income statement comparative results are to 30 June 2014 while the Statement of Financial Position compared to 31 December 2014.

The condensed interim consolidated financial statements ('the interim financial statements') of the Group are for the six (6) months ended 30 June 2015 and are presented in Chinese Yuan (RMB), which is the functional currency of the Company and all amounts are rounded to the nearest thousand except when otherwise indicated. 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.

The interim financial statements have been approved and authorised for issue by the Board of Directors on 8 September 2015.

3. IMPACT OF ISSUED BUT NOT YET EFFECTIVE IFRSs

The following new or revised IFRSs in issue at 30 June 2015 have not been applied in the preparation of these consolidated financial statements since they were not yet effective:

IFRS 9 (2014)	Financial Instruments ⁴
IFRS 14	Regulatory Deferral Accounts ²
IFRS 15	Revenue from Contracts with Customers ³
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation ²
Amendments to IAS 16 and IAS 41	Bearer Plants ²
Amendments to IAS 19	Defined Benefit Plans : Employee Contributions ¹
Amendments to IAS 27	Equity Method in Separate Financial Statements ²
Amendments to IAS 28 and IFRS 10	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ²
Amendments to IFRS 11	Accounting for Acquisitions of Interest in Joint Operations ²
Annual Improvements (2010-2012)	Amendments to IFRS 8, IAS 16, IAS 24 and IAS 38 ¹
Annual Improvements (2011-2013)	Amendments to IFRS 3, IFRS 13 and IAS 40 ¹
Annual Improvements (2012-2014)	Amendments to IFRS 5, IFRS 7 and IAS 19 ²

¹ Effective for annual periods beginning on or after 1 January 2015

² Effective for annual periods beginning on or after 1 January 2016

³ Effective for annual periods beginning on or after 1 January 2017

⁴ Effective for annual periods beginning on or after 1 January 2018

The Group is in the process of making an assessment of what impact of these new or revised IFRSs is expected to be in the period of initial application. So far, except for the "Amendments to IAS 16 and IAS 41 - Bearer Plants" as explained below, the Group has concluded that the adoption of them is unlikely to have a significant impact on the Group's results of operations and financial position.

The amendments to IAS 16 and IAS 41 - Bearer Plants define a bearer plant and require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with IAS 16, instead of IAS 41. In terms of amendments, bearer plants can be measured using either the cost model or the revaluation model set out in HKAS16. On the initial application of the amendments, entities are permitted to use the fair value of items of bearer plant as their deemed cost as at the beginning of the earliest period presented.

Notes to the Financial Statements

For The Half Year Ended 30 June 2015

Any difference between the previous carrying amount and fair value should be recognised in the opening retained earnings at the beginning of the earliest period presented.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these consolidated financial statements are summarised below. These policies have been consistently applied to all the periods presented.

(a) Consolidation

Subsidiaries are all entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

The Group applies merger accounting to account for the business combinations (including acquisition of subsidiaries) under common control, where all assets and liabilities are recorded at predecessor carrying amounts, as if the existing group structure had been in existence throughout the years presented, and the existing business have been combined from the date when they first came under the control of the controlling party, where differences between consideration payable and the net assets value are taken to the capital reserve.

Inter-company transactions and balances between group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(b) Property, plant and equipment and depreciation

Property, plant and equipment, is stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows :-

Category	Estimated useful life	Estimated residual values
Furniture and equipment	3 - 10 year	0% - 3%
Motor vehicle	4 years	3%
Leasehold improvements	Over the shorter of lease terms and estimated useful life	-

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation methods are reviewed, and adjusted if appropriate, at least at the end of each reporting periods.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Notes to the Financial Statements

For The Half Year Ended 30 June 2015

(c) Prepaid leases payments

Upfront payments made to acquire land use rights and/or plantation bases under an operating lease are stated at costs less accumulated amortisation and any accumulated impairment losses. Minimum lease payments are amortised on a straight line basis over the term of the lease except where an alternative basis is more representative of the time pattern of benefits to be derived by the Group from use of the land.

(d) Employee benefits

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

The Group contributes on a monthly basis to various defined contribution retirement benefit plans organized by relevant municipal and provincial governments in the PRC. The municipal and provincial governments undertake to assume the retirement benefit obligations payable to all existing and future retired employees under these plans and the Group has no further obligation for post-retirement benefits beyond the contributions made. Contributions to these plans are expensed as incurred.

(e) Biological assets

Biological assets comprise Camellia, Navel Orange and Tangerine trees in forests, of which the Forestry Right Certificates have been issued to the Group for the purpose of Camellia, Navel Orange and Tangerine cultivation, involved in the Agriculture activities of the transformation of biological assets into Agriculture produce for sale or further processing.

Biological assets are measured at fair value less costs to sell at initial recognition and at the end of each reporting period, with any change therein recognised in profit or loss. Costs to sell include all costs that would be necessary to sell the assets.

Agriculture produce harvested from biological assets for further processing is measured at its fair value less costs to sell at the point of harvest. The fair value less costs to sell at the time of harvest is deemed as the cost of agriculture produce for further processing.

If an active market exists for a biological asset or Agriculture produce with reference to comparable species, growing condition and expended yield of the crops, the quoted price in that market is adopted for determining the fair value of that asset. If an active market does not exist, the Group uses the most recent market transaction price, provided that there has not been a significant change in economic circumstances between the transaction date and the end of reporting period, or the market prices for similar assets adjusted to reflect differences to determine fair values or as determined by independent professional valuers.

All the plantation costs incurred after the harvest period is stated as deferred expenses at cost. When the Agriculture produce is harvested, the carrying amount of the deferred expenses is recognised as expenses in the period in which the related revenue is recognised.

(f) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a first-in, first-out basis and comprises all costs of purchasing cost of raw materials direct labour and another costs.

Net realisable value is the estimated selling price in the ordinary course of business, less estimates of costs of completion and selling expenses.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related turnover is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories as an expense in the period in which the reversal occurs.

Notes to the Financial Statements

For The Half Year Ended 30 June 2015

(g) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less allowance for impairment of doubtful debts, except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

(h) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous periods.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from differences which arose on initial recognition of assets and liabilities that affect neither accounting nor taxable profit, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised in profit or loss.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities if the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met :-

Notes to the Financial Statements

For The Half Year Ended 30 June 2015

- i. In the case of current tax assets and liabilities, the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or
- ii. In the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either :-
 - the same taxable entity; or
 - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(i) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, and other short-term (with original maturity less than three months), highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

(j) Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(k) Leases

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(l) Classification of assets leased to the Group

Assets that are held by Group under lease which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases.

(m) Operating lease charges

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognized in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

(n) Impairment of assets

i. Impairment of trade and other receivables

Trade and other receivables that are stated at cost or amortised cost are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:-

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation; and
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor.

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For The Half Year Ended 30 June 2015

ii. Impairment of Other Assets

If any of such evidence exist, an impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the receivables' original effective interest rate (i.e. the effective interest rate computed at initial recognition), where the effect of discounting is material. The amount of the loss is recognised in profit or loss of the period in which the impairment occurs.

If in a subsequent period the amount of an impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed to the extent that it does not result in a carrying amount of the receivable exceeding what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss of the period in which the reversal occurs.

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or an impairment loss previously recognised no longer exists or may have decreased :-

- property, plant and equipment;
- inventories;
- deferred expenses; and
- prepayments

If any such indication exists, the asset's recoverable amount is estimated.

iii. Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash generating unit).

iv. Recognition of impairment losses

An impairment loss is recognised in profit or loss whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.

v. Reversals of impairment losses

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. A reversal of impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

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For The Half Year Ended 30 June 2015

(o) Related parties

For the purposes of the Financial Information, a party is considered to be related to the Group if :-

- a) A person, or a close member of that person's family, is related to the Group if that person :-
 - i. has control or joint control over the Group;
 - ii. has significant influence over the Group; or
 - iii. is a member of the key management personnel of the Group or the Group's holding company.
- b) An entity is related to the Group if any of the following conditions applies :
 - i. The entity and the Group are members of the same group (which means that each holding company, subsidiary and fellow subsidiary is related to the others).
 - ii. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - iii. Both entities are joint ventures of the same third party.
 - iv. One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - v. The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
 - vi. The entity is controlled or jointly controlled by a person identified in (a).
 - vii. A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(p) Foreign currency translation

These consolidated financial statements are presented in RMB. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated to functional currency at rates of exchange ruling at the end of each reporting period. All exchange differences are recognised in profit or loss.

(q) Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

- i. Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold. This is usually taken as the time when the goods are delivered and the customers have accepted the goods.
- ii. Interest income is recognised on an accrual basis using the effective interest method.

Notes to the Financial Statements

For The Half Year Ended 30 June 2015

5. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of these consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

i. Impairment of trade receivables and other receivables

Impairment of trade receivables and other receivables is made based on assessment of their recoverability. The identification of impairment of trade receivables and other receivables requires management's judgement and estimates. Where the actual outcome or expectation in future is different from the original estimate, such differences will impact the carrying value of the receivables and impairment loss or reversal of impairment in the period in which such an estimate has been changed.

ii. Fair value of biological assets

Biological assets are measured at fair value less costs to sell. In determining the fair value of the biological assets, the professional valuer has applied a discounted cash flow method of the income approach which requires a number of key assumptions and estimates to be made such as discount rate, Agriculture produce selling price, operating costs and lifecycle. Any change in the estimates may affect the fair value of the biological assets significantly. The professional valuer and management review the assumptions and estimates periodically to identify any significant change in the fair value of biological assets.

6. DIVIDENDS

The director did not declare any dividends in respect of the years presented.

7. REVENUE AND OTHER INCOME

An analysis of revenue and other income is as follows:-

For the half-year ended 30 June 2015	30-Jun-15 RMB '000	30-Jun-14 RMB '000
Revenue :		
Sales of goods	-	-
Other income :		
Bank interest income	471	383
	471	383

Notes to the Financial Statements

For The Half Year Ended 30 June 2015

8. PROFIT BEFORE INCOME TAX

The Group's profit before income tax is arrived at after charging:-

For the half-year ended 30 June 2015	30-Jun-15 RMB '000	30-Jun-14 RMB '000
(a) Employee benefit expense :-		
Wages and salaries	592	591
Social welfare and other costs (including defined contribution pension schemes)	317	359
Subtotal	909	950
(b) Other items :-		
Operating lease charges for plantation bases	249	252
Operating lease charges for office premises	139	133
IPO and listing expenses	3,050	-
Other selling and administrative expenses	406	426
	4,753	1,761

9. INCOME TAX EXPENSE

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

No Hong Kong profits tax has been provided as there was no assessable profit earned in or derived from Hong Kong during the years presented.

The National People's Congress approved the Corporate Income Tax Law of the PRC (the "New CIT Law") on 16 March 2007 and the State Council has announced the Detailed Implementation Regulations on 6 December 2007, which has been effective since 1 January 2008.

Ganzhou Chinese and PRC taxation

The currently applicable tax rates in PRC are as follows:

Category	Tax Rate
Value Added Tax	13%
Income Tax	25%
Education Surcharge	3%
Local Education Surcharge	2%
Stamp Tax for sale agreement	0.1%

i. Income tax

According to the PRC enterprise income tax law ("EIT Law") and its implementation rules, the PRC statutory income tax rate is 25%.

However because Ganzhou Chinese is engaging in growing, processing and sales of Agriculture products it is currently exempt from PRC enterprise income tax ("EIT") subject to approval by or registration with the relevant tax authority. According to the Preferential Tax Treatments Confirmation Form issued by the State Tax Bureau of Xingguo County Jiangxi Province, Ganzhou Chinese is currently exempt from PRC EIT

While Ganzhou Chinese expects to receive a Preferential Tax Treatments Confirmation Form for the future years, if it does not receive the same, its profits may be subject to income tax of 25%.

ii. Withholding Tax

Dividends paid by Ganzhou Chinese to Worldwide Network will be subject to a 10% withholding tax in PRC.

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For The Half Year Ended 30 June 2015

iii. Value-Added Tax

According to the Interim Regulations of the People's Republic of China on Value-added Tax and the Notification of the Ministry of Finance and the State Administration of Taxation Pertaining to the Explanatory Notes on the Levying Scope of Agriculture Products, enterprises engaging in Agriculture production and operation, and the sale of self-produced Agriculture products are exempt from value-added tax.

According to the Preferential Tax Treatments Confirmation Form issued by the State Tax Bureau of Xingguo County Jiangxi Province, Ganzhou Chinese is currently exempt from Enterprise value-added tax.

While Ganzhou Chinese expects to receive a Preferential Tax Treatments Confirmation Form for the future years, if it does not receive the same, the sale of its Agriculture products will become subject to VAT of 13%.

For the half-year ended 30 June 2015	30-Jun-15 RMB '000	30-Jun-14 RMB '000
Profit before income tax	10,082	2,231
Taxation at the applicable tax rate of 25%	2,521	558
Expenses not deductible for tax purposes	3,591	902
Effect of tax concession for Agriculture activities in the PRC	(6,112)	(1,460)
Income tax expense	-	-

10. KEY MANAGEMENT PERSONNEL COMPENSATION

Compensation of key management personnel of the Group is as follows:-

For the half-year ended 30 June 2015	30-Jun-15 RMB '000	30-Jun-14 RMB '000
Wages and salaries	242	330
Pension scheme contributions	27	8
	269	338

11. SEASONAL FLUCTUATIONS

By its very nature, the business undertaken by Ganzhou Chinese is highly seasonal with all harvests and sales occurring during the months of September to December each year as follows:

Camellia	October (approximately 40%), November (approximately 44%), and December (approximately 16%)
Pomelo	November (approximately 100%)
Navel Orange	November (approximately 100%)
Tangerine	September (approximately 43%), and October (approximately 57%)

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For The Half Year Ended 30 June 2015

12. PROPERTY, PLANT AND EQUIPMENT

The following tables show the movements in property, plant and equipment:

	Furniture and Equipment RMB '000	Motor Vehicles RMB '000	Leasehold Improvements RMB '000	Sub Total RMB '000
Gross carrying amount				
Balance at 1 January 2015	551	1,528	486	2,565
Additions				-
Acquisition through business combination				-
Disposals				-
Net exchange differences				-
Balance at 30 June 2015	551	1,528	486	2,565
Depreciation and impairment				
Balance at 1 January 2015	414	1,300	113	1,827
Disposals				-
Revaluation increase				-
Net exchange differences				-
Depreciation	19	181	49	249
Balance at 30 June 2015	433	1,481	162	2,076
Carrying amount at 30 June 2015	118	47	324	489
Gross carrying amount				
Balance at 1 January 2014	551	1,528	486	2,565
Additions				-
Acquisition through business combination				-
Disposals				-
Revaluation increase				-
Net exchange differences				-
Balance at 31 December 2014	551	1,528	486	2,565
Depreciation and impairment				
Balance at 1 January 2014	370	938	16	1,324
Disposals				-
Net exchange differences				-
Depreciation	44	362	97	503
Balance at 31 December 2014	414	1,300	113	1,827
Carrying amount at 31 December 2014	137	228	373	738

Notes to the Financial Statements

For The Half Year Ended 30 June 2015

13. DEFERRED EXPENSES

	Prepaid lease payments RMB '000	Deferred Plantation costs RMB '000	Total RMB '000
At 1 January 2014	140,516	37,344	177,860
Payments during the year	30,075	34,730	64,805
Utilisation for the year	(79,506)	(34,595)	(114,101)
At 31 December 2014	91,085	37,479	128,564
Payments during the year	26,220	84,473	110,693
Utilisation for the year	-	-	-
At 30 June 2015	117,305	121,952	239,257

As at:	30-Jun-15 RMB '000	31-Dec-14 RMB '000
Non-current portion	24,237	94,565
Current portion	215,020	33,999
	239,257	128,564

Prepaid lease payments represent the rental payment of the cultivation bases situated in the PRC which are held operating lease with terms of approximately 14 years.

Deferred plantation costs represent the costs incurred to cultivate agriculture produces which will be harvested in the subsequent years. The deferred plantation costs in relation to the harvest with 12 months from the end of each reporting period are classified as deferred expenses under current assets.

Deferred expenses classified under current assets represent the prepaid lease payments and plantation costs incurred for the harvest of agriculture produces within 12 months from the end of each reporting period.

14. BIOLOGICAL ASSETS

	Tangerine RMB '000	Camellia RMB '000	Navel Orange RMB '000	Total RMB '000
At 1 January 2014	-	10,637	319,056	329,693
Changes in fair value less cost to sell	-	1,003	57,777	58,780
At 31 December 2014	-	11,640	376,833	388,473
Increase due to purchase	300,000		-	300,000
Changes in fair value less cost to sell	(36,981)	1,210	50,135	14,364
At 30 June 2015	263,019	12,850	426,968	702,837

Biological assets represent Camellia, Navel Orange and Tangerine Forests ("the Forests") located in the PRC. In 2011, the Group acquired Camellia Forest with total cultivable area of 897Mu. In 2012, the Group acquired Navel Orange Forests with total cultivable area of 670Mu and further acquired 7,456Mu during the year end 31 December 2013. In 2015, the Group acquired Tangerine Forest with total cultivable area of 6,000Mu. Hence, the total cultivable areas are 1,567Mu as at 31 December 2012, and 9,023Mu as at 31 December 2013 and 2014, and 15,023Mu at 30 June 2015. The Group recognises the Camellia, Navel Orange and Tangerine Forests as biological assets when, and only when:-

- The Group controls the Forests as a result of past event, which is evidenced by the risks and rewards of cultivation bases have been passed to the Group;

Notes to the Financial Statements

For The Half Year Ended 30 June 2015

- It is probable that future economic benefits associated with the Forests will flow to the Group; and
- The fair value or cost of the Forests can be measured reliably.

According to the Forestry Right Certificates issued by the relevant PRC authority, the Group was granted a right to perform Camellia, Navel Orange and Tangerine plantation and harvest within the cultivable area of 15,023 Mu for 20 to 30 years.

The Forests were independently valued by Roma Appraisals Limited ("ROMA"). ROMA and its professional valuers in charge of this valuation have appropriate qualifications and relevant experiences in various valuation assignments involving biological assets and Agriculture produce. The professional valuers of ROMA involved in this valuation include professional members of the Royal Institution of Chartered Surveyors ("MRICS"), the American Institute of Certified Public Accountants ("AICPA") and the Institute of Public Accountants ("MIPA"), as well as charterholders of Chartered Financial Analyst ("CFA") and Financial Risk Manager ("FRM"). They have extensive experiences in valuing different kinds of assets such as property assets, industrial assets, biological assets, mining rights and assets, technological assets and financial assets worldwide and have previously performed valuations of biological assets and Agriculture produce such as forest, rubber tree plantation, jatropha plantation, fruit plantation, etc. Among the professional institutions mentioned above, the Royal Institution of Chartered Surveyors is a member organisation of the International Valuation Standards Council (the "IVSC") which encourages their respective members to adopt and use the International Valuation Standards laid down by the IVSC. ROMA has assessed and declared its independence based on the requirements of the International Valuation Standards.

Based on the above qualifications and various experiences of ROMA and/or its members, the directors are of the view that ROMA is independent and competent to determine the fair value of the Forests.

Since there is no active market for the regions that the Forests are located, no market price information is available to adopt the market approach. Accordingly, ROMA has adopted an income approach in valuing the Forests.

The following steps have been taken for the site inspection of the Forests conducted by ROMA:-

- Verified the physical existence of the Forests;
- Checked the coverage of the plantation area of the Forests;
- Identified the species of the Forests; and
- Evaluated the operation of the plantation.

The following are the major assumptions used in the valuation:-

- a) The market price variables, which represent the assumed market price for Camellia, Navel Orange and Tangerine produced by the Group. The valuation adopted the market selling prices prevailing as of the end of the reporting period for Camellia, Navel Orange and Tangerine produced by the Group as the sales price estimation. The market prices are assumed to be increased by 3% per annum, which is similar to the projected long term inflation rate.
- b) The yield per tree variables, which represent the harvest level of the Camellia, Navel Orange and Tangerine trees. The yield of Camellia, Navel orange and Tangerine trees is affected by the age, species and health of the trees, as well as the climate, location, soil condition, topography and infrastructure. In general, yield per Camellia tree increases from age 5 to 9, remains stable for about 70 years, and then decreases until age 81. The yield per Navel Orange tree increases from 3 to 9, remains stable for about 30 years, and then decreases until age 38. The yield per Tangerine tree increases from years 5 to 9, remains stable for about 30 years, then decreases until age 38.
- c) The direct production cost variables, which represent the direct costs necessary to bring the Camellia, Navel Orange and Tangerine to their sale form, includes raw material costs and direct labour costs. The direct production cost variables are determined by reference to actual costs incurred for areas

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For The Half Year Ended 30 June 2015

that have been previously harvested, and have taken into account the projected long-term inflation rate of 3% per annum.

- d) The Capital Asset Pricing Model has been used to determine a discount rate to be applied to the Forests as follows:-

For the half-year ended 30 June 2015	30-Jun-15 RMB '000	30-Jun-14 RMB '000
Camellia Forests	13.64%	14.92%
Navel orange Forests	13.64%	14.92%
Tangerine Forests	13.64%	14.92%

- e) Other key assumptions which have taken into account in valuing the Group's biological assets includes, among other things,
- cash flows are calculated from the current rotation of Camellia, Navel Orange and Tangerine trees only, without taking into account the projected revenue or costs related to the re-establishment of new trees;
 - projected cash flows have taken into account the projected long term inflation rate of 3% per annum and excluded finance costs and taxation;
 - as discounted cash flows are based on current prices, planned future business activities that may impact the future prices of harvested from the Group's plantations are not considered; and
 - no material changes in the existing political, legal, technological, fiscal, economic conditions, climate and nay other unfavourable natural conditions.

The movements in the fair value of the assets are as follows:-

As at:	30-Jun-15 RMB '000	31-Dec-14 RMB '000
Opening balance	388,473	329,693
Increase due to purchase	300,000	-
Changes in fair value less cost to sell	14,364	58,780
Closing balance	702,837	388,473

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The following unobservable inputs were used to measure the Group's Camellia Navel Orange and Tangerine cultivation:-

Description	Valuation technique(s)	Unobservable inputs	Range of Unobservable inputs		Relationship of unobservable
Camellia cultivation	Multi-period excess earnings method, one of the income approach, which is based on the discounted future cash flows to be generated by the biological assets	Market price	2014 RMB 4.9 Increased by 3% per annum	2015 RMB 5.05 Increased by 3% per annum	The higher the market price, the higher the fair value
		Yield per Mu	700 Kg per Mu per annum	700 Kg per Mu per annum	The higher the yield per Mu, the higher the fair value
		Discount rate	14.92%	13.94%	The higher the discount rate, the lower the fair value
Orange cultivation	Multi-period excess earnings method, one of the income approach, which is based on the discounted future cash flows to be generated by the biological assets	Market price	RMB 3.5 Increased by 3% per annum	RMB 3.6 Increased by 3% per annum	The higher the market price, the higher the fair value
		Yield per Mu	1,950-2,700 Kg per Mu per annum	1,950-2,700 Kg per Mu per annum	The higher the yield per Mu, the higher the fair value
		Discount rate	14.92%	13.94%	The higher the discount rate, the lower the fair value
Tangerine cultivation	Multi-period excess earnings method, one of the income approach, which is based on the discounted future cash flows to be generated by the biological assets	Market price		RMB 2.7 - 4.6 Increased by 3% per annum	The higher the market price, the higher the fair value
		Yield per Mu		2,200 Kg per Mu per annum	The higher the yield per Mu, the higher the fair value
		Discount rate		13.94%	The higher the discount rate, the lower the fair value

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The Group is exposed to a number of risks related to Camellia, Navel Orange and Tangerine cultivation :-

(i) Regulatory and environmental risks

The Group is subject to laws and regulations in the PRC in which it operates. The Group has established environmental policies and procedures aimed at compliance with local environmental and other laws. Management performs regular reviews to identify environmental risks and to ensure that the systems in place are adequate to manage those risks. The directors are not aware of any environmental liabilities as at 30 June 2015.

(ii) Supply and demand risks

The Group is exposed to risks arising from fluctuations in the price and sales volume of Agriculture produce. When possible the Group manages this risk by controlling its harvest volume, according to market conditions. Management performs regular industry trend analysis to ensure the Group's pricing policy is comparable to the market and the projected harvesting volumes are consistent with the expected demand.

(iii) Climate and other risks

The Group's plantation is exposed to the risk of damage from climatic changes, diseases, forest fires and other natural forces. The Group has procedures in place aimed at monitoring and mitigating those risks, including regular forest inspections and pesticide preventions.

Sensitivity analysis

The following table demonstrates the sensitivity to a reasonably possible change in one of the key unobservable inputs, with all other variables held constant, of Group's profit before tax:-

Life of project value sensitivity as at:		30-Jun-15	31-Dec-14
Key unobservable inputs for the Forests	Percentage increase/ (decrease) in key unobservable inputs	Increase/ (decrease) in profit before tax RMB '000	Increase/ (decrease) in profit before tax RMB '000
Discount rate	10%	(42,609)	(38,626)
	-10%	51,099	46,732
Expected growth rate	10%	12,070	9,604
	-10%	(11,614)	(9,258)
Maximum yield of the forests per mu	10%	71,095	63,766
	-10%	(71,098)	(63,766)
Average market price of the forests per mu	10%	71,095	63,766
	-10%	(71,098)	(63,766)

On 18 December 2014, the Group entered into an acquisition agreement to acquire a tangerine forest right with cultivable area of 6,000 Mu for 30 years at a total consideration of RMB 300,000,000, of which RMB 240,000,000 was paid as a deposit as at 31 December 2014. According to the agreement, the risk and rewards of the tangerine forest (including the operation, costs and revenue) was transferred to the Group in the first quarter of 2015. The remaining balance of RMB 60,000,000 is payable 7 days after the issuance of the Forestry Certificates to the Group by the relevant PRC authority. Should the seller fail to assist the Group to obtain the Forestry Certificate by 31 December 2015, the Group has the discretion to rescind the transaction.

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For The Half Year Ended 30 June 2015

15. TRADE AND OTHER RECEIVABLES

The Group seeks to maintain strict control over its outstanding receivables. Trade receivables are non-interest-bearing and neither past due nor impaired.

The Group's credit terms with customers during the year presented were mainly 30 days.

An aged analysis of the trade receivables as at the end of each reporting period, based on the invoice date, is as follows :-

As at:	30-Jun-15 RMB '000	31-Dec-14 RMB '000
Trade Receivables		
0 to 30 days	-	18,591
Deposits	41	111
Prepayments	1,813	60,000
Input tax credit	79	-
Total	1,933	78,702

16. CASH AND CASH EQUIVALENTS

As at:	30-Jun-15 RMB '000	31-Dec-14 RMB '000
Cash and bank balances	199,307	288,767

The Group's cash and bank balances at the end of each reporting period were denominated RMB.

RMB is not freely convertible into foreign currencies. All foreign exchange transactions involving RMB must take place through the People's Bank of China or other institutions authorised to buy and sell foreign exchange.

Bank balances earns interest at floating rates based on daily bank deposit rates.

17. TRADE AND OTHER PAYABLES

The trade payables were interest-free. The credit term during the year presented were mainly 30-90 days.

An aged analysis of the trade payables at the end of each reporting period, based on the invoice date, is as follows:-

As at:	30-Jun-15 RMB '000	31-Dec-14 RMB '000
Trade and other payables		
0 - 30 days	3,843	59,623
Payable for the Acquisition of Biological Assets	60,000	-
Other payable	29	29
Salary payable	231	523
Total	64,103	60,175

On 18 December 2014, the Group entered into an acquisition agreement to acquire a tangerine forest right with cultivable area of 6,000 Mu for 30 years at a total consideration of RMB 300,000,000, of which RMB 240,000,000 was paid as a deposit as at 31 December 2014. According to the agreement, the risk and rewards of the tangerine forest (including the operation, costs and revenue) was transferred to the Group in the first quarter of 2015. The remaining balance of RMB 60,000,000 is payable 7 days after the issuance of the Forestry Certificates to the Group by the relevant PRC authority. Should the seller fail to assist the Group to obtain the Forestry Certificate by 31 December 2015, the Group has the discretion to rescind the transaction

Notes to the Financial Statements

For The Half Year Ended 30 June 2015

18. AMOUNT DUE TO A SHAREHOLDER

The amount was interest free, unsecured and repayable on demand.

As at:	30-Jun-15 RMB '000	31-Dec-14 RMB '000
Amount due to a shareholder	4,603	38

19. EMPLOYEE RETIREMENT BENEFITS

As stipulated by the PRC state regulations, the subsidiaries in the PRC participate in a defined contribution retirement scheme. All employees are entitled to an annual pension equal to a fixed proportion of the average basic salary amount of the geographical area of their last employment at their retirement date. The PRC subsidiary is required to make contributions to the local social security bureau at 29.4% to 37.4% of the previous year's average basic salary amount of the geographical area where the employees are under employment with the PRC subsidiaries.

The Group has no obligation for the payment of pension benefits beyond the annual contributions as set out above.

According to the relevant rules and regulations of the PRC, the PRC subsidiary and their employees are each required to make contributions to an accommodation fund at 9% of the salaries and wages of the employees which is administered by the Public Accumulation Funds Administration Centre. There is no further obligation on the part of the Group except for such contributions to the accommodation fund.

As at 30 June 2015, the Group had no significant obligation apart from the contributions as stated above.

20. SHARE CAPITAL

The Company was incorporate on 10 March 2015 through the issue of one (1) ordinary share to Mr Cai for AUD 1.00.

Share issues following incorporation were as follows;

- the issue of 312,389,999 ordinary shares to Mr Cai on 24 April, 2015 for \$0.000001 per Share;
- the issue of 21,060,000 ordinary shares to Super Fusion International Limited on 24 April, 2015 for \$0.000001 per Share; and
- the issue of 17,550,000 ordinary shares to Huge Ease Limited on 24 April, 2015 for \$0.000001 per Share.

Capital management:

The Company's equity capital management objectives are to safeguard the Group's ability to continue as a going concern and to provide an adequate return to shareholder commensurately with the level of risk. To meet these objectives, the company manages the equity capital structure and makes adjustments to it in the light of changes in economic conditions by paying dividends to shareholder, issuing new equity shares, and raising or repaying debt as appropriate.

Notes to the Financial Statements

For The Half Year Ended 30 June 2015

	Six (6) months to 30 June 2015 DFM (Incorporated 10 Mar 15)		Year to 31 December 2014 (Worldwide)	
	Shares	RMB'000	Shares	RMB'000
Shares issued and fully paid:				
· beginning of the period	-	-	1	-
· issued under share-based payment plans	-	-	-	-
· share issue	351,000,000	2	-	-
Shares issued and fully paid	351,000,000	2	1	-
· shares authorised for share based payments	-	-	-	-
Total shares authorised at the end of the period	351,000,000	2	1	-

21. EARNINGS PER SHARE

Both the basic and diluted earnings per share have been calculated using the profit attributable to shareholders of the Parent Company as the numerator, i.e. no adjustments to profits were necessary during the six months period to 30 June 2015 and 30 June 2014.

The weighted average number of shares for the purposes of the calculation of diluted earnings per share can be reconciled to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:

For the half-year ended 30 June 2015	30-Jun-15 Incorporated 10 March 2015
Weighted average number of shares used in basic earnings per share	351,000,000
Shares deemed to be issued for no consideration in respect of share-based payments	0
Weighted average number of shares used in diluted earnings per share	351,000,000

	30-Jun-15 \$RMB	30-Jun-14 \$RMB
Earnings per share		
Basic earnings per share		
Earnings from continuing operations	0.03	0.01
Earnings from discontinued operations	-	-
Total	0.03	0.01
Diluted earnings per share		
Earnings from continuing operations	0.03	0.01
Earnings from discontinued operations	-	-
Total	0.03	0.01

The comparative June 2014 period EPS was calculated using June 2015 weighted average issued shares as the company was incorporated on 10 March 2015.

22. RESERVES

(a) Capital reserve

Capital reserve represents the paid-in capital of the Ganzhou Agriculture and presented as capital reserve as a result of corporate restructuring.

(b) Statutory surplus reserve

Notes to the Financial Statements

For The Half Year Ended 30 June 2015

In accordance with the Company Law of the PRC, the Company's subsidiary registered in the PRC is required to appropriate 10% of the annual statutory profit after tax (after offsetting any prior years' losses) determined in accordance with generally accepted accounting principles in the PRC ("PRC GAAP") to the statutory surplus reserve until the balance of the reserve fund reaches 50% of the entity's registered capital. The statutory surplus reserve can be utilised to offset prior years' losses or to increase capital, provided the remaining balance of this reserve is not less than 25% of registered capital.

23. OPERATING LEASE ARRANGEMENT

At the end of each year presented, the Group had total future minimum lease payments under non-cancellable operating leases payable as follows:-

As at:	30-Jun-15 RMB '000	31-Dec-14 RMB '000
Within 1 year	38,400	26,526
After 1 year but within 5 years	310,306	303,880
After 5 years	535,965	575,331
	884,671	905,737

The Group is the lessee in respect of a number of cultivation bases and office premise held under operating leases. The leases typically run for an initial period of three to fifteen years.

24. RELATED PARTY TRANSACTIONS AND BALANCES

Apart from the information as disclosed in notes **10 and 18** to the financial statements, the Group had no other material related party transactions during the years presented.

25. NATURE AND EXTENT OF FINANCIAL INSTRUMENTS RISKS

The Group's principal financial instruments comprise trade receivables, deposits, cash and cash equivalents, trade and other payables. These financial instruments mainly arise from its operations.

The carrying amounts of the Group's financial instruments approximated to their fair values as at the end of each reporting period. Fair value estimates are made at a specific point in time and are based on relevant market information about the financial instruments.

These estimates are subjective in nature and involve uncertainties and matters of significant judgement, and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. As the Group's exposure to these risks is kept to a minimum, the Group has not used any derivatives and other instruments for hedging purposes. The Group does not hold or issue derivative financial instruments for trading purposes. The director of the Company reviews and agrees policies for managing each of these risks which are summarised below.

(a) Credit risk

Credit risk is the risk that a party to a financial instrument will cause a financial loss for the Group by failing to discharge an obligation. The Group has a credit policy in place and exposure to the credit risk is monitored on an ongoing basis.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group had significant exposure to individual customers.

In respect of trade receivables, individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and may take into account information specific to the customer as well as pertaining to the

Notes to the Financial Statements

For The Half Year Ended 30 June 2015

economic environment in which the customer operates. The trade receivables are due within one month from the date of billing. Normally, the Group does not obtain collateral from customers.

The director considers that the credit risk from bank balances is minimal as the balances are placed with financial institutions with high credit ratings.

The director considers that the credit risk of trade receivables and deposits is minimal as the counter parties have no past history of default and are financially healthy.

The Group does not provide any guarantees which would expose the Group to credit risk.

(b) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities. The Group manages liquidity risk by monitoring its liquidity position through periodic preparation of cash flows and cash balances forecasts and periodic evaluation of the ability of the Group to meet its financial obligations, measured by the debt-to-equity capital ratio.

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

At the end of each year presented, only the bank balances bearing variable interest that were exposed to interest rate risk.

Since the maturities are short, the Group is not exposed to significant interest rate risk.

(d) Currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group manages currency risk, when it is considered significant, by entering into appropriate currency forward contracts.

The Group does not have significant currency risk as it only has immaterial amount of liabilities denominated in foreign currencies at the end of each year presented.

(e) Fair value

The Group considered that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximated their fair value.

26. DETAILS OF SUBSIDIARY

Company name	Place and date of incorporation/ and kind of legal entity	Particulars of capital as at 31.12.2014	Attributable equity interest held directly	Principal activities
Ganzhou Chinese Modern Agriculture Co., Ltd	Established in the PRC on 14.10.2005, wholly foreign-owned enterprise	Registered and paid-in capital of HK\$39,000,000	100%	Cultivation and sale of Agriculture produce
Worldwide Network	Incorporated in Hong Kong on 15.10.2012	HK\$100	1	PRC subsidiary Holding Company

Notes to the Financial Statements

For The Half Year Ended 30 June 2015

On 15 May 2015, the Company became the sole shareholder of Worldwide Network (the Acquisition). Prior to the Acquisition, Worldwide Network had one (1) ordinary share on issue. The Acquisition was effected via the following transactions:

- Worldwide Network issued 99 new ordinary shares to the Company for a total consideration of HK\$99.00; and
- The remaining one (1) ordinary shares in Worldwide Network was transferred from the original shareholders to the Company for a total consideration of HK\$1.00.

27. EVENTS AFTER THE REPORTING DATE

The Company is in the process of listing on the Australian Securities Exchange. The requirements for listing include a minimum of 400 shareholders and an issue of 39,000,000 shares @ AUD1.00 per share.

It is expected that the listing will be successful with first trading occurring mid October 2015.

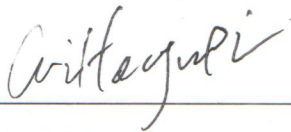
Directors Declaration

In the directors' opinion:

1. the attached financial statements and notes thereto comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
 - a. the attached financial statements and notes thereto give a true and fair view of the company's financial position as at 30 June 2015 and of its performance for the financial half-year ended on that date; and
 - b. 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



Hongwei Cai

Director

8 September 2015

Hong Kong

INDEPENDENT REVIEW REPORT

TO THE MEMBERS OF DONGFANG MODERN AGRICULTURAL HOLDING GROUP LIMITED

Report on the Half Year Financial Report

We have reviewed the accompanying half-year financial report of Dongfang Modern Agricultural Holding Group Limited (the consolidated entity) which comprises the statement of financial position as at 30 June 2015, and the statement of profit or loss and other comprehensive income, statement of changes in equity and cash flow statement for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of the consolidated entity are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Auditing Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation and fair presentation 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 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, anything has come to our attention that causes us to believe that the financial report is not presented fairly, in all material respects, in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 30 June 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*. As the auditor of Dongfang Modern Agricultural Holding Group 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 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 have complied with the independence requirements of the *Corporations Act 2001*.

INDEPENDENT REVIEW REPORT

TO THE MEMBERS OF DONGFANG MODERN AGRICULTURAL HOLDING GROUP LIMITED

Report on the Half Year Financial Report (Continued)

Conclusion

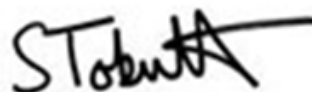
Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of Dongfang Modern Agricultural Holding Group Limited does not present fairly, in all material respects, the financial position of the consolidated entity as at 30 June 2015, and of its financial performance and its cash flows for the half-year ended on that date, in accordance with the *Corporations Act 2001*, Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.



PKF SYDNEY
Chartered Accountants

Sydney

Dated: 8 September 2015



SCOTT TOBUTT
Partner