Allwellness Holdings Group Limited

ABN 42 604 613 050

Annual Report - 30 June 2020

Allwellness Holdings Group Limited
Contents
30 June 2020

General information

The financial statements cover Allwellness Holdings Group Limited as a consolidated group consisting of Allwellness Holdings Group Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Allwellness Holdings Group Limited's functional and presentation currency.

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

Unit 23-11 Hallmark Street Pendle Hill, NSW, Australia, 2145

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 29 September 2020.
The directors have the power to amend and reissue the financial statements.

DIRECTORS' REPORT

Your directors present their report on the consolidated entity ("Group") for the financial year ended 30 June 2020.

Directors

The names and experience of the directors in office at any time during or since the end of the year are:

Executive Director (appointed 6 March 2015)

Yong Zhang, Master of Engineering and Master of Research of Economics

Mr Yong has a Master of Engineering and currently Master of Research of Economics at Macquarie University. He has over 20 years of management experience in China as a CEO, which brings him deep understanding of business, marketing, laws and etc. in China. He also is involved in a number of IPOs in China which armed him with practical background in capital markets of China. His research in Australian foods and agriculture industry during his study made him an expert and gave him deep understanding of the comparative advantage of Australian agriculture and the drive by Chinese household income and the market changing.

Yong Zhang has an indirect interest in 70% of the Company's issued capital through a related party.

Other Current Directorships: ZhANG & HAO INVESTMENT PTY LTD

Interests in Shares: None – See Remuneration Report below

Non-Executive Director (appointed 1 December 2016)

Chen Wang, Bachelor of International Trade

Wang is the CEO of a Chinese international trade company which main business focuses on the trade of foods, beverages, healthcare products and functional foods. It is a partner of K-mart, Pharmco Child Life, Natural Elements and others. He has 20 years' experience in international logistics, international trade and marketing. Wang also has strong connections with the Chinese pharmacy franchising industry sourced from the health goods trading.

Other Current Directorships: Nil

Previous Directorship (last 4 years): Nil

Interests in Shares: None – See Remuneration Report below

Yilong Shan, MBA University of International Business and Economics (UIBE)

Shan was the vice president and CFO of Chinatex (Australia) Pty Ltd from 2004 – 2015 and is now the Executive director. Chinatex (Australia) is the branch of Chinatex which is a state owned large scale Group whose main business is trading, processing and warehousing of soybean, corn, wheat, grape seeds, oil, palm oil etc. Shan has established a vertical and horizontal connection in the food industry with greatly renowned companies both in Australia and China.

Other Current Directorships: Nil

Previous Directorship (last 4 years): Nil

Interests in Shares: None – See Remuneration Report below

Company Secretary

Andrew Bristow was appointed as Company Secretary.

Review of Operations and Financial Results

The loss of the consolidated entity for the financial year after providing for income tax amounted to $385,192 (2019: loss of $121,203).

Principal Activities

The principal activities of the Group during the financial year included manufacturing and exporting health care products to China. There has been no significant change in the nature of these activities during the year.

Events Subsequent to the End of the Reporting Year

After the COVID-19 outbreak in early 2020, Allwellness Holdings Group Limited is paying close attention to the development of, and the disruption to business and economic activities caused by the outbreak and its potential impact on the financial position, cash flows and operating results. Given the dynamic nature of the COVID-19 outbreak, it is not practicable to provide a reasonable estimate of its impacts on the Company's financial position, cash flows and operating results at the date of this annual report.

For the period from 21 August 2020 to 26 August 2020, the directors have signed multiple sales agreements with a total sales value of $312,000 with different distributors. Directors believed that these sales agreements will improve the cash inflow performance when they are executed.

No other matters or circumstances have arisen since the end of the financial year which significantly affected the operations of the Group, the results of those operations or the state of affairs of the Company in future financial years.

Likely Developments and Expected Results of Operations

Likely developments in the operations of the Group and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Group.

Environmental Regulations

The Group’s operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

Dividends

There were no dividends paid or declared since the start of the financial year.

Meetings of Directors

During the financial year 3 meetings of directors were held. Attendance by each director was as follows:

	Directors Meetings	
	Eligible to attend	Number attended
Mr Yong Zhang	3	3
Mr Chen Wang	3	3
Mr Yilong Shan	3	3

Indemnifications of Officers

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of the company.

Proceedings on Behalf of the Company

No person has applied for leave of court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

DIRECTORS' REPORT
REMUNERATION REPORT (AUDITED)

The Remuneration Report, which forms part of the Directors' report, sets out information about the remuneration of the Company's Directors and its Key Management Personnel for the financial year ended 30 June 2020.

Names and positions held by Directors and Key Management Personnel at any time during the financial year are:

Name	Position	Date Appointed to position
Mr Yong Zhang	Executive Director	6 March 2015
Mr Chen Wang	Non-Executive Director	1 December 2016
Mr Yilong Shan	Non-Executive Director	1 December 2016
Ms Junping Hao	Chief Finance Officer	6 March 2015

Directors' and Key Management Personnel Interests in Ordinary Shares and Options

Directors' and Key Management Personnel's interests in the ordinary shares of Allwellness Holdings Group Limited and options over ordinary shares as at the date of this report are detailed below:

Name	Position	Total Number of Ordinary Shares	Total Number of Options
Mr Yong Zhang	Executive Director	17,591,350	-
Mr Chen Wang	Non-Executive Director	1,040,000	-
Mr Yilong Shan	Non-Executive Director	1,000,000	-
Ms Junping Hao	Chief Financial Officer	-	
	Total	19,631,350	**-**

Remuneration Policy

The Company has not formally constituted a remuneration committee responsible for making recommendations to the Board to ensure Company's remuneration structures are equitable and aligned the interests of directors and employees with those of shareholders.

However, the Constitution of the Company provides that Non-Executive Directors are entitled to remuneration as determined by the Company at a general meeting to be apportioned among them in any proportions and in any manner.

If a Director performs extra services, which in the opinion of the Directors are outside the scope of the ordinary duties of the Director or make any special exertion in going or residing abroad or otherwise for any of the purpose of the Company, the Company may remunerate that Director in addition to or provide benefits as the Directors determine.

The Directors may also be paid all travelling and other expenses incurred by them in attending and returning from meetings of the Directors or any committee of the Directors or general meetings of the Company or otherwise in connection with the business of the Company.

Remuneration Structure

The remuneration of directors and key management personnel is structured in as a fixed remuneration which comprise of base salary and superannuation (payable under the Superannuation Guarantee Act).

The Company aims to set the level of fixed remuneration at market levels for comparable jobs, in similar structured and sized companies in the industry in which the Company operates. No advice from any remuneration consultant was sought during the financial year for the Company's remuneration structure.

DIRECTORS' REPORT
REMUNERATION REPORT (AUDITED)

Details of Remuneration

Details of the remuneration of Directors and Key Management Personnel for the 2020 financial year are provided below:

	Short-term Benefits				Post-employment	Equity - based compensation	
	Cash salary and fees	Cash bonus	Non-monetary benefits	Consultancy	Superannuation	Options	Total
	$	$	$	$	$	$	$
Executive Director							
Mr Yong Zhang	80,000	-	-	-	7,600	-	87,600
Key Management Personnel							
Ms Junping Hao	40,000	-	-	-	3,800	-	43,800
Non-Executive Directors							
Mr Chen Wang	-	-	-	-	-	-	-
Mr Yilong Shan	-	-	-	-	-	-	-
	-	-	-	-	-	-	-

Key Terms of the employment agreement of Key Management Personnel

Yong Zhang is employed under an employment agreement dated 1 January 2019. The key terms of the agreement are:

Remuneration: Total fixed remuneration at the rate of $80,000 per annum plus mandatory statutory superannuation contributions payable under the Superannuation Guarantee Act paid every fortnight.

Termination: The agreement may be terminated by either party by the giving of 2 months written notice.

Junping Hao is employed under an employment agreement dated 19 September 2015 (updated 1 January 2017). They key terms of the agreement are:

Remuneration: Total fixed remuneration at the rate of $40,000 per annum plus mandatory statutory superannuation contributions payable under the Superannuation Guarantee Act paid every fortnight.

Termination: The agreement may be terminated by either party by the giving of 2 months written notice.

Non-executive Director Remuneration

No retirement payments are made to Non-executive Directors. Non-executive Directors do not receive any remuneration.

For the 2020 financial year, no options were issued to Directors.

Auditors' Independence Declaration

A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 8

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

Director ______________________________

Mr Yong Zhang

Dated this 29th day of September, 2020

Auditor's Independence Declaration

As lead auditor for the audit of the financial report of Allwellness Holdings Group Limited for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, during the year ended 30 June 2020, there have been:

(i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Allwellness Holdings Group Limited during the year ended 30 June 2020.

Wis Partners

Zhiyuan Liang
Partner (RCA:473429)

Sydney, 29 September 2020

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Allwellness Holdings Group Limited
Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2020

	Note	Consolidated 2020 $	Consolidated 2019 $
Revenue			
Sales	3	122,913	613,994
Cost of sales		(40,001)	(258,321)
Gross profit		82,912	355,673
Other income	4	77,570	5,641
Expenses			
Rent		-	(56,104)
Professional fees	5	(70,796)	(69,453)
Depreciation and amortisation		(89,740)	(24,959)
Employee benefits	6	(208,123)	(231,184)
Marketing expenses		(32,221)	(12,766)
Loss on inventory write-off		(13,079)	(1,050)
Finance cost	7	(24,309)	(8,234)
Other administrative cost	8	(107,406)	(78,767)
Profit/(loss) before income tax expense		(385,192)	(121,203)
Income tax expense		-	-
Profit/(loss) after income tax expense for the year	19	(385,192)	(121,203)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income/(losses) for the year		(385,192)	(121,203)
		Cents	**Cents**
Basic earnings/(losses) per share	32	(1.54)	(0.48)
Diluted earnings/(losses) per share	32	(1.54)	(0.48)

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

Allwellness Holdings Group Limited
Consolidated statement of financial position
As at 30 June 2020

	Note	Consolidated 2020 $	2019 $
Assets			
Current assets			
Cash and cash equivalents	9	132,366	236,077
Trade and other receivables	10	32,831	26,188
Inventories		74,590	69,128
Other assets	11	21,295	26,583
Total current assets		261,082	357,976
Non-current assets			
Right of use asset	12	470,317	-
Property, plant and equipment	13	77,066	218,642
Intangible assets		4,774	4,598
Total non-current assets		552,157	223,240
Total assets		813,239	581,216
Liabilities			
Current liabilities			
Trade and other payables	14	160,066	60,225
Lease liabilities	15	72,261	21,800
Employee benefits	16	21,009	13,401
Total current liabilities		253,336	95,426
Non-current liabilities			
Borrowings	17	502,164	352,164
Lease liabilities	15	425,223	115,918
Total non-current liabilities		927,387	468,082
Total liabilities		1,180,723	563,508
Net assets		(367,484)	17,708
Equity			
Issued capital	18	740,867	740,867
Accumulated losses	19	(1,108,351)	(723,159)
Total equity		(367,484)	17,708

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

Allwellness Holdings Group Limited
Consolidated statement of changes in equity
For the year ended 30 June 2020

Consolidated	Issued capital $	Retained profits $	Total equity $
Balance at 1 July 2018	740,867	(601,956)	138,911
Profit/(loss) after income tax expense for the year	-	(121,203)	(121,203)
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income/(losses) for the year	-	(121,203)	(121,203)
Balance at 30 June 2019	740,867	(723,159)	17,708

Consolidated	Issued Capital $	Retained profits $	Total equity $
Balance at 1 July 2019	740,867	(723,159)	17,708
Profit/(loss) after income tax expense for the year	-	(385,192)	(385,192)
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income/(losses) for the year	-	(385,192)	(385,192)
Balance at 30 June 2020	740,867	(1,108,351)	(367,484)

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

Allwellness Holdings Group Limited
Consolidated statement of cash flows
For the year ended 30 June 2020

	Note	Consolidated 2020 $	2019 $
Cash flows from operating activities			
Receipts from customers		188,961	515,101
Cash received from government allowances		41,970	-
Payments to suppliers and employees		(413,811)	(536,440)
Interest received		67	1,105
Net cash used in operating activities		(182,813)	(20,234)
Cash flows from investing activities			
Payments for property, plant and equipment		-	(80,028)
Payments for intangible assets		(2,000)	(330)
Net cash used in investing activities		(2,000)	(80,358)
Cash flows from financing activities			
Loans (to)/from related parties		150,000	-
Interest and other finance costs paid		(24,309)	(8,234)
Repayment of lease liabilities		(44,589)	(18,496)
Net cash from/ (used in) financing activities		81,102	(26,730)
Net decrease in cash and cash equivalents		(103,711)	(127,322)
Cash and cash equivalents at the beginning of the financial year		236,077	363,399
Cash and cash equivalents at the end of the financial year	9	132,366	236,077

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

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted
The consolidated group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

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

The following adoption of New Accounting Standards and Interpretations are most relevant to the consolidated group:

AASB 16 Leases

The consolidated entity has adopted AASB 16 from 1 July 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expenses recognition is replaced with a depreciation charge for the right-of-use assets and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to leases expenses under AASB 117. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities.

Impact of Adoption
AASB 16 was adopted using the modified retrospective approach and as such the comparatives have not been restated. The impact of adoption on opening retained profits was $nil. A reconciliation from office lease commitments as reported in prior year financial report to balances of office lease liabilities and right of use assets as at 1 July 2019 upon initial application of AASB 16 is as below:

Lease liability	1 July 2019	
Operating lease commitments for office as at 30 June 2019 (AASB 117)	198,518	
Additional lease payment in relation with option to extend the office lease	298,316	
Discount in relation with NPV of office lease payment	(70,047)	
Lease liability of office lease	426,787	
Reclassification of lease liability of hire purchase assets	137,718	
Total lease liabilities under AASB 16 as at 1 July 2019	564,505	
Lease liabilities – Current (under AASB 16)	82,266	
Lease liabilities – Non-current (under AASB 16)	482,239	
Right of use assets		
Lease liability of office lease as at 1 July 2019	426,787	
Less: Lease incentive recognised as at 1 July 2019	(10,129)	
Right of use assets of office lease under AASB 16 as at 1 July 2019	416,658	
Reclassification of hire purchase assets under AASB 16 as at 1 July 2019	131,081	
Total right of use assets under AASB 16 as at 1 July 2019	547,739	547,739

Going concern
The financial statements have been prepared on a going concern basis. The consolidated group incurred a net loss of $385,192 for the year ended 30 June 2020 (2019: Loss of $121,203). As at that date, the consolidated group has a net liability position of $367,484 (2019: Net assets $17,708), which included cash and cash equivalents of $132,366 (2019: $236,077).

Subsequent to the balance sheet date, the directors have signed multiple sales agreements with a total sales value of $312,000. These sales agreements are not legally enforceable and may be cancelled any time without any penalties incurred. The directors believed that these sales agreements will improve the cash inflow performance when they are executed. However, material uncertainty of the result of these sales agreement still existed.

Note 1. Significant accounting policies (continued)

Further to that, Allwellness Holdings Group Limited is dependent on the ongoing financial support of shareholders. Accordingly, a letter of financial support has been obtained from the company's major shareholder Mr. Yong Zhang who confirmed that he will not recall the full amount of $502,164 owing to him and continue to provide extra funding when there are shortfall in cash flows for the due payables.

Based on above-mentioned situations, the board of directors are of the opinion that the Group's operation will be viable and continue as a going concern.

Basis of preparation
These general-purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention
The financial statements have been prepared under the historical cost convention

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Parent entity information
In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated group only. Supplementary information about the parent entity is disclosed in note 30.

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Allwellness Holdings Group Limited ('company' or 'parent entity') as at 30 June 2020 and the results of all subsidiaries for the year then ended. Allwellness Holdings Group Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated group'.

Subsidiaries are all those entities over which the consolidated group has control. The consolidated group controls an entity when the consolidated group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated group.

Revenue recognition
The consolidated group recognises revenue as follows:

Sale of goods

The consolidated group manufactures and sells a range of health products. Sales are recognised when control of the products has transferred, being when the products are delivered to customers, there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customers, and either the customer has accepted the products in accordance with the sales contract or the consolidated group has objective evidence that all criteria for acceptance have been satisfied.

Note 1. Significant accounting policies (continued)

Revenue from these sales is recognised based on the price specified in the contract, net of the estimated volume discounts and customer return. A refund liability (included in trade and other payables) is recognised for expected volume discounts payable to customers in relation to sales made until the end of the reporting period.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

Income tax
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and timing of the reversal can be controlled, and it is probable that the temporary difference will not reverse in the foreseea future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Note 1. Significant accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The consolidated group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Inventories

Stock on hand is stated at the lower of cost and net realisable value. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. The cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Machinery Equipment	10.00%
Motor Vehicles under lease	12.50%
Leasehold Improvements	12.50%

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements and motor vehicles under lease are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

Intangibles

Intangibles are recognised at cost of acquisition. These assets have a useful life of five (5) years and are carried at cost less accumulated amortisation and any impairment losses. These assets will be assessed for impairment on an annual basis.

Impairment of non-financial assets

The other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset’s carrying amount exceeds its recoverable amount.

Note 1. Significant accounting policies (continued)

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables
These amounts represent liabilities for goods and services provided to the consolidated group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings
Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

Lease liabilities
A lease liability of office lease is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

A lease liability of finance lease of hire-purchase of motor vehicles are established at the fair value of the leased assets, or if lower, the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

Right-of-use assets
A right-of-use asset of office lease is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct cost incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets of operating and finance lease are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement or lease liabilities.

The consolidated entity has elected not to recognised a right-of-use asset and corresponding lease liability for short-term operating leases with 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Leased assets acquired under a finance lease of hire-purchase agreements of the vehicles are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the consolidated group will obtain ownership at the end of the lease term.

Note 1. Significant accounting policies (continued)

Finance costs
Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Financial Instruments
The consolidated group adopts a simplified approach to measuring expected credit losses for trade and other receivables, which uses the lifetime expected loss allowance.

Employee benefits

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Issued capital
Ordinary shares are classified as equity.

Earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of Allwellness Holdings Group Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Goods and Services Tax (‘GST’) and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

New Accounting Standards and Interpretations not yet mandatory or early adopted
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated group for the annual reporting period ended 30 June 2020. The consolidated group’s assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated group, are set out below.

New Accounting Standards and Interpretation not effective
The consolidated group has not early adopted following issued standards/amendments/Interpretations which are not effective yet. The impact of the adoption of this standard and interpretation impact has been assessed as below:

Note 1. Significant accounting policies (continued)

	Effective for annual reporting period beginning on or after	Impact of adoption of new accounting standards
Amendments to Australian Accounting Standards – Definition of Material	1 July 2020	Not material.
Amendments to Australian Accounting Standards – References to the Conceptual Framework	1 July 2020	Not material.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Allowance for expected credit losses
The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates. The allowance for expected credit losses for trade and other receivables was assessed to be $nil as at 30 June 2020 as the overdue amounts were immaterial as at the reporting date.

Lease term
The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the Group's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The Group reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Incremental Borrowing Rate
Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the consolidated group estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

Provision for impairment of inventories
The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence. The board of directors determined that there was no impairment for inventories as at 30 June 2020.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets
The consolidated group assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Note 2. Critical accounting judgements, estimates and assumptions (continued)

Recovery of deferred tax assets
Deferred tax assets were recognised for deductible temporary differences only if the consolidated group considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The deferred tax assets were not recognised for tax losses and deductible temporary difference due to existence of the uncertainties of the sufficient taxable income in the foreseeable future.

Note 3. Revenue

	Consolidated 2020 $	Consolidated 2019 $
From continuing operations		
Sales	122,913	613,994

Disaggregation of revenue
The disaggregation of revenue from contracts with customers is as follows:

	Consolidated 2020 $	Consolidated 2019 $
Major product lines		
Health product	122,913	435,089
OEM products	-	178,905
	122,913	613,994
Geographical regions		
Australia	5,140	155,536
China	117,773	458,458
	122,913	613,994
Timing of revenue recognition		
Goods transferred at a point in time	122,913	613,994

Note 4. Other income

	Consolidated 2020 $	Consolidated 2019 $
Other income	7,291	7,200
Government Grant-Jobkeeper and Cash-flow boost	70,287	-
Foreign currency gains/(loss)	(75)	(2,664)
Interest	67	1,105
	77,570	5,641

Note 5. Professional fees (continued)

Note 5. Professional fees

	Consolidated 2020 $	Consolidated 2019 $
Accountancy fee	18,450	17,717
Auditing fee	24,685	28,500
Consulting fee	27,661	23,236
	70,796	69,453

Note 6. Employee benefits

	Consolidated 2020 $	Consolidated 2019 $
Wages & Salaries	183,140	206,468
Superannuation	17,375	19,585
Annual leave expense	7,608	5,131
	208,123	231,184

Note 7. Finance cost

	Consolidated 2020 $	Consolidated 2019 $
Interest expense in relation with hire purchase agreement under AASB 16	7,248	8,234
Interest expense in relation with office lease under AASB 16	17,061	-
	24,309	8,234

Note 8. Other administrative cost

	Consolidated 2020 $	Consolidated 2019 $
Licensing fees	-	10,080
Transportation and travel	6,499	16,158
Listing fees	34,725	23,404
Insurance	3,054	1,715
Research and development expenses	25,709	-
Other office expenses	37,419	27,410
	107,406	78,767

Note 9. Cash and cash equivalents

	Consolidated 2020 $	Consolidated 2019 $
Cash on hand	1	252
Cash at bank	132,365	235,825
	132,366	236,077

Note 10. Trade and other receivables

	Consolidated 2020 $	Consolidated 2019 $
Trade receivables	768	17,324
GST receivable	6,320	8,864
Other receivables-Jobkeepr and Cash-flow boost	25,743	-
	32,831	26,188

Allowance for expected credit losses
The ageing of the receivables and allowance for expected credit losses provided for above are as follows:

Consolidated	Expected credit loss rate 2020 %	Expected credit loss rate 2019 %	Carrying amount 2020 $	Carrying amount 2019 $	Allowance for expected credit losses 2020 $	Allowance for expected credit losses 2019 $
Not overdue	-	-	32,831	3,644	-	-
Past due 30 days	-	-	-	-	-	-
Past due 30-60 days	-	-	-	6,480	-	-
Past due 60-90 days	-	-	-	7,200	-	-
Past due over 90 days	-	-	-	-	-	-
			32,831	17,324	-	-

The allowance for expected credit losses for trade and other receivables was assessed to be $nil as at 30 June 2020 as the balance of government grant and GST claim receivable was received subsequently after the balance date.(2019: $nil).

The consolidated group has recognised a loss of $19,454 in profit or loss in respect of write-off of bad debts in trade receivable balance (2019: $3,649).

Note 11. Other assets

	Consolidated 2020 $	Consolidated 2019 $
Prepayments	4,795	4,583
Security deposits	16,500	22,000
	21,295	26,583

The prepayments mainly represent the advance payment paid for professional service fee.

Note 12. Right of use asset

	Consolidated 2020 $	2019 $
Right of use asset	565,458	-
Less: Accumulated depreciation	(95,141)	-
Total right of use asset	470,317	-

Reconciliation:
Reconciliations of the written down values of right of use assets at the beginning and end of current financial year are set out below:

	Motor Vehicle	Office Lease	Total
Balance at 30 June 2019	-	-	-
Effect of application of AASB 16	131,081	416,658	547,739
Balance as at 1 July 2019	131,081	416,658	547,739
Depreciation Expense	(18,600)	(58,822)	(77,422)
Balance at 30 June 2020	112,481	357,836	470,317

During the period, the consolidated group recognised right of use assets with an aggregate of $416,658 of for the lease of the office and warehouse at Unit 2 3-11 Hallmark Street, Pendle Hill, NSW 2145, as a result of the first-time application of AASB 16 Leases

Note 13. Property, plant and equipment

	2020	2019
Leasehold improvements - at cost	46,661	46,661
Less: Accumulated depreciation	(9,013)	(3,180)
	37,648	43,481
Machinery equipment - at cost	46,622	46,622
Less: Accumulated depreciation	(7,204)	(2,542)
	39,418	44,080
Motor Vehicle- at cost	-	148,800
Less: Accumulated depreciation	-	(17,719)
	-	131,081
	77,066	218,642

Note 14. Trade and other payables (continued)

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

Consolidated	Lease Improvements $	Plant & Equipment $	Motor Vehicle	Total $
Balance at 1 July 2018	-	-	-	-
Additions	46,661	46,622	148,800	242,083
Depreciation expense	(3,180)	(2,542)	(17,719)	(23,441)
Balance at 30 June 2019	43,481	44,080	131,081	218,642
Reclassification of hire purchase assets under AASB 16 to ROU assets	-	-	(131,081)	(131,081)
Depreciation expense	(5,833)	(4,662)	-	(10,495)
Balance at 30 June 2020	37,648	39,418	-	77,066

Property, plant and equipment secured under finance leases
Finance lease are hire purchase leases for motor vehicles and are secured against the vehicles.

Note 14. Trade and other payables

	Consolidated 2020 $	**Consolidated 2019 $**
PAYG Withholdings payable	8,086	8,512
Superannuation payable	4,096	4,465
Accrued Audit fees	16,000	20,000
Buyers order deposits	65,180	-
Accrued outbound freight	3,270	-
Other payables	63,434	27,248
	160,066	60,225

Note 15. Lease liabilities

Current

	Consolidated 2020 $	**Consolidated 2019 $**
Lease liability – Motor Vehicles	23,124	21,800
Lease liabilities- Office	49,137	-
	72,261	21,800

Non-current

	Consolidated	
	2020	**2019**
	$	**$**
Lease liability – Motor Vehicles	96,162	115,918
Lease liabilities- Office	333,061	-
	425,223	115,918

Note 16. Employee benefits

	Consolidated	
	2020	**2019**
	$	**$**
Annual leave	21,009	13,401

Note 17. Borrowings

	Consolidated	
	2020	**2019**
	$	**$**
Loan from Mr. Yong Zhang	502,164	352,164

The loan is unsecured and interest free. The loan has no fixed term for repayment. The loan balance is measured by referring to the cash amount received by the consolidated groups from the director as it is impractical to measure the loan at its amortised cost (net present value).

The director has agreed in writing not to recall the loan within 12 months from the date of signing the annual financial report.

Note 18. Issued capital

	Consolidated			
	2020	**2019**	**2020**	**2019**
	Shares	**Shares**	**$**	**$**
Ordinary shares - fully paid	25,000,000	25,000,000	740,867	740,867

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Capital risk management

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

Note 18. Issued capital (continued)

In order to safeguard the ability of the consolidated group to continue as a going concern, the director will continue to provide extra funding when there is shortfall in cash flows for the due payables.

The consolidated group would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current company's share price at the time of the investment. The consolidated group is actively pursuing additional investments in the short term, however, the proposed investment from external shareholder was delayed due to the travel ban of the impact of COVID-19.

Note 19. Accumulated losses

	Consolidated	
	2020	**2019**
	$	**$**
Accumulated losses at the beginning of the financial year	(723,159)	(601,956)
Profit/(loss) after income tax expense for the year	(385,192)	(121,203)
Accumulated losses at the end of the financial year	(1,108,351)	(723,159)

Note 20. Dividends

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

Note 21. Financial risk management

The consolidated group's financial instruments consist mainly of cash and cash equivalents, trade and other receivables, trade and other payables and loans from director(s).

The totals for each category of financial instruments, measured in accordance with AASB 9 as detailed in the accounting policies to these financial statements, are as follows:

	Consolidated	
	2020	**2019**
	$	**$**
Financial Assets		
Cash assets	133,366	236,077
Trade and other receivables	32,831	23,057
	166,197	259,134

	Consolidated	
	2020	**2019**
Financial Liabilities		
Trade and other payables	160,066	55,465
Loan from Mr. Yong Zhang	502,164	352,164
	662,230	407,629

Financial liability and financial assets maturity analysis

Note 21. Financial risk management (continued)

	Within 1 year 2020 $	Within 1 year 2019 $	More than 1 year 2020 $	More than 1 year 2019 $	Total 2020 $	Total 2019 $
Financial liabilities due for payment						
Trade and other payables	160,066	55,465	-	-	160,066	55,465
Loan from Mr. Yong Zhang	-	-	502,164	352,164	502,164	352,164
Total expected outflows	160,066	55,465	502,164	352,164	662,230	407,629

	Within 1 year 2020	Within 1 year 2019	More than 1 year 2020	More than 1 year 2019	Total 2020	Total 2019
Financial assets — cash flows realisable						
Cash assets	133,366	236,077	-	-	133,366	236,077
Trade and other receivables	32,831	23,057	-	-	32,831	23,057
Total anticipated inflows	166,197	259,134	-	-	166,197	259,134

Financial assets pledged as collateral

No financial assets have been pledged as security for any financial liability.

Note 22. Financial instruments

Financial risk management objectives

The consolidated group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The consolidated group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated group. The consolidated group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

The consolidated group did not have any derivative instruments at 30 June 2020.

Market risk

Foreign currency risk

The consolidated group undertakes certain transactions denominated in foreign currency. However, the foreign currency risk is considered not material as the volume of the transactions in foreign currencies were insignificant during the reporting period.

Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices. The consolidated group is not exposed to any significant price risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. The consolidated group is not exposed to interest rate risk.

Note 22. Financial instruments (continued)

Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated group. The consolidated group has policy to receive prepayments from customers and regularly reviews the outstanding debtors to mitigate the risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated group does not hold any collateral.

The consolidated group has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix of credit loss provisioning.

These provisions are considered representative across all customers of the consolidated group based on recent sales experience, historical collection rates and forward-looking information that is available.

Cash assets form the majority of the consolidated group's financial assets. At 30 June 2020, cash was deposited with two financial institutions, both are two large Australian banks in order to spread risk and ensure interest rate competitiveness.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

Liquidity risk
Vigilant liquidity risk management requires the consolidated group to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The Group's increased exposure to liquidity risk is commensurate with the impact of COVID-19 on a global basis. This has resulted in an increased level of insufficient cash inflow to cover total cash outflow during the year as the consolidated operation was affected by the impact of COVID-19. To obtain the safeguard of this risk and ensure the consolidated group will operate as going concern in the next 12 months, the consolidated group has obtained the committed financial support from its directors to subordinate the loan from them as well as providing funding when necessary.

The consolidated group manages this risk by preparing forward-looking cash flow analysis in relation to its operational, investing and financing activities.

Note 23. Director and other key management personnel disclosures
The following persons were directors and other key management personnel of Allwellness Holdings Group Limited who receive remuneration during the financial year:

Mr Yong Zhang
Ms Junping Hao

Compensation
The aggregate compensation made to directors and other members of key management personnel of the consolidated group is set out below:

	Consolidated	
	2020	2019
	$	$
Short-term employee benefits	120,000	120,000
Post-employment benefits	11,400	11,400
	131,400	131,400

Note 24. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by, the auditor of the company:

	Consolidated	
	2020	2019
	$	$
Audit services -		
Audit or review of the financial statements	24,685	28,500

Note 25. Segment reporting

The consolidated group operates in the exporting of health care product business within only single segment.

Note 26. Contingent liabilities

There are no contingent liabilities as at the date of this report.(2019: nil)

Note 27. Commitments

	Consolidated	
	2020	2019
	$	$
Lease commitments - operating		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	-	61,575
One to five years	-	136,943
	-	198,518

Capital commitments

There is no capital commitments as at 30 June 2020 (2019: $Nil).

Note 28. Related party transactions

Parent entity
Allwellness Holdings Group Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 32.

Key management personnel
Disclosures relating to key management personnel are set out in note 25 and the remuneration report included in the directors' report.

Transactions with related parties
Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Note 30. Related party transactions (continued)

The following transactions occurred with related parties:

	Consolidated 2020 $	Consolidated 2019 $
Payment for goods and services:		
Remuneration paid to CFO Junping Hao	43,800	43,800
Remuneration paid to Executive director - Yong Zhang	87,600	87,600
Other transactions:		
Loan provided by/ (repaid to) director - Yong Zhang	150,000	-
Expense paid on behalf of the consolidated group by director	46,853	16,158

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

	Consolidated 2020 $	Consolidated 2019 $
Current payables:		
Other payable to director	63,011	16,158

Loans to/from related parties
The following balances are outstanding at the reporting date in relation to loans with related parties:

	Consolidated 2020 $	Consolidated 2019 $
Non-current borrowings:		
Balance of interest free loan provided by director - Yong Zhang	502,164	352,164

Terms and conditions
All transactions were made on normal commercial terms and conditions except the director loan. The director loan is unsecured and interest free. The loan has no fixed term for repayment.

Note 29. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent 2020 $	Parent 2019 $
Profit/(loss) after income tax	(37,717)	(26,137)
Total comprehensive income/(losses)	(37,717)	(26,137)

Note 31. Parent entity information (continued)

Statement of financial position

	Parent	
	2020	**2019**
	$	**$**
Total current assets	15,559	220,277
Total Non-current assets	560,697	392,585
Total assets	576,256	612,862
Total current liabilities	1,163	-
Total liabilities	1,163	-
Equity		
Issued capital	740,866	740,866
Accumulated losses	(165,773)	(128,004)
Total equity	575,093	612,862

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2020 and 30 June 2019.

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2020 and 30 June 2019.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 30 June 2020 and 30 June 2019.

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the consolidated group, as disclosed in note 1, except for the following:
- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.

Note 30. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiary in accordance with the accounting policy described in note 1:

		Ownership interest	
	Principal place of business /	**2020**	**2019**
Name	**Country of incorporation**	**%**	**%**
Tricare Health & Beauty Pty Limited	Australia	100.00%	100.00%

Note 31. Events after the reporting period

After the COVID-19 outbreak in early 2020, Allwellness Holdings Group Limited is paying close attention to the development of, and the disruption to business and economic activities caused by the outbreak and its potential impact on the financial position, cash flows and operating results. Given the dynamic nature of the COVID-19 outbreak, it is not practicable to provide a reasonable estimate of its impacts on the Company's financial position, cash flows and operating results at the date of this annual report.

For the period from 21 August 2020 to 26 August 2020, the directors have signed multiple sales agreements with a total sales value of $312,000 with different distributors. Directors believed that these sales agreements will improve the cash inflow performance when they are executed.

No matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect the consolidated group's operations, the results of those operations, or the consolidated group's state of affairs in future financial years.

Note 32. Earnings per share

	Consolidated	
	2020 $	2019 $
Profit/(loss) after income tax	(385,192)	(121,203)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	25,000,000	25,000,000
Weighted average number of ordinary shares used in calculating diluted earnings per share	25,000,000	25,000,000
	Cents	**Cents**
Basic earnings/(losses) per share	(1.54)	(0.48)
Diluted earnings/(losses) per share	(1.54)	(0.48)

Allwellness Holdings Group Limited
Director's declaration
30 June 2020

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated group's financial position as at 30 June 2020 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

Mr. Yong Zhang
Director

Dated: 29/09/2020

WIS PARTNERS
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Independent Auditor's Report to the members of Allwellness Holdings Group Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Allwellness Holdings Group Limited (the Company) and its subsidiary (the Group), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 1 in the financial statements, which indicates that the company incurred a net loss of $385,192 during the year ended 30 June 2020 and, as of that date, the company's current liabilities exceeded its total assets by $367,485. As stated in note 1, these events or conditions, along with other matters as set forth in note 1, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Except for the matter described in the material uncertainty related to going concern section, we have determined that there are no other key audit matters to be communicated in our report

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2020 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by those charged with governance.
- Conclude on the appropriateness of those charged with governance's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our auditor's opinion. Our conclusions are based on

the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the entity to express an opinion on the Group financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for the audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during the audit.

We also provide those charged with governance with a statement that we also have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that are of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 5 to 6 of the directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Allwellness Holdings Group Limited, for the year ended 30 June 2020, complies with section 300A of the Corporations Act 2001.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Wis Partners

Zhiyuan Liang (RCA:473429)

Partner

29 September 2020