



KEMAO INDUSTRIES LIMITED

ACN 625 928 216 | NSX Code: KEM

**FINANCIAL REPORT
FOR THE HALF YEAR ENDED
30 JUNE 2020**

This Financial Report for the Half Year ended 30 June 2020 is to be read in conjunction with the Financial Report for the Year ended 31 December 2019 and any announcements made to the market during the half year ended 30 June 2020.



Corporate Directory

Board of Directors

| | |
|---------------------|---------------------------|
| Ms Chong Peng Leong | Non-executive Chairperson |
| Mr Dong Chen | Managing Director |
| Ms Fang Chen | Executive Director |
| Mr Jianping Zhou | Non-executive Director |
| Mr Long Huy Lam | Non-executive Director |

Company Secretary

Ms Xuekun Li

Registered Office in Australia

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Principle Business Address in China

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Yunting Town, Jiangyin City
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Auditors

MGI Perth Audit Services Pty Ltd
322 Hay St
Subiaco WA 6008

Share Registry

Advanced Share Registry
110 Stirling Highway
Nedlands WA6009
Tel: +61 8 9389 8033
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Securities Exchange Listing

Fully Paid Shares in Kemao Industries Limited are quoted on National Stock Exchange of Australia (code: KEM).

Financial Report for the Half Year ended 30 June 2020

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Directors' Report

The directors of Kemao Industries Limited (**Kemao**) herewith submit the financial report of Kemao Industries and its subsidiaries ("KEM" or "the Group") for the half-year ended 30 June 2020. In order to comply with the provisions of the *Corporations Act 2001*, the directors report as follows:

The names of the directors of the Company during or since the end of the half year are:

Name

Ms Chong Peng Leong

Mr Dong Chen

Ms Fang Chen

Mr Jianping Zhou

Mr Long Huy Lam

The above named directors held office during and since the end of the half-year.

Review of Operations

KEM is a professional metal packaging solution provider. The Group specialises in the production and supply of tinplate and cold-rolled steel coils to the global market. KEM's production base and manufacture centre is located in the Jiangsu Province of China.

The Group reported a consolidated loss of \$423,521 for the half-year ended 30 June 2020 (2019: a consolidated profit of \$1,630,751).

Revenue for the half year ended 30 June 2020 was \$61.5 million, down 21% from last period (30 June 2019: \$77.9 million). This was mainly due to the drop of the Group's overseas sales, which fell by 47.5% from \$28.7 million to \$13.6 million due to the outbreak of coronavirus pandemic ("COVID-19"). Under the COVID-19 rapidly developing situations, countries around the world have implemented various measures and restrictions on travel, quarantine, social distance, and border controls. The global economy and world trade were badly hurt by such unprecedented disruption and damage. The declines in foreign trade and output during the period were an expected result.

Despite the challenges caused by the COVID-19, domestic sales had only a slight decrease by 2.7%, to \$47.9 million for the current period. Chinese government had put strict social and travel restrictions during the 1st quarter of year 2020 to bring the pandemic under control and mitigate the health risk to the public. Since April 2020 most businesses in China had resumed to normal and KEM saw a vigorous market rebound in the 2nd quarter of year 2020. The fast recovery of domestic market partly offset the negative impact on the overseas market.

The consolidated loss for the period included RMB3.4 million (equivalent to approximately AUD735,000) impairment provision against its trade receivables as at 30 June 2020. The impairment provision was a non-cash charge and an accounting estimate judged by the management.

As at 30 June 2020 KEM had around \$6.1 million cash and \$4.4 million working capital. Under its prudent financial management, the Group managed to repay RMB\$10 million (equivalent to approximately AUD2.1 million) borrowings. The repayment had reduced the finance costs and would improve the Group's overall gearing ratio.



Auditor's Independence Declaration

The Auditor's Independence Declaration is included on page 3 and forms part of the Directors' Report for the half year ended 30 June 2020.

Signed in accordance with a resolution of directors made pursuant to section 306(3) of the *Corporations Act 2001*.

On behalf of the Board

A handwritten signature in blue ink that reads "CP Leong".

Chong Peng Leong
Director

Perth, 29 September 2020



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

As lead auditor of the review of Kemao Industries Limited for the half-year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been:

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

MGI Perth
MGI Perth Audit Services Pty Ltd

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

Clayton Lawrence
Director

29 September 2020
Perth, Western Australia

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income for the Half Year ended 30 June 2020

| | 2020.1.1- 2020.6.30 | 2019.1.1- 2019.6.30 |
|--|------------------------|------------------------|
| | \$ | \$ |
| Sales | 61,505,803 | 77,904,867 |
| Cost of sales | <u>(58,830,531)</u> | <u>(73,748,951)</u> |
| Gross profit | 2,675,272 | 4,155,916 |
| Other income | 2,676,877 | 2,961,401 |
| Expenditure | | |
| Administration expenses | (4,288,191) | (3,926,620) |
| Corporate expenses | (135,007) | - |
| Operating expenses | (458,331) | (573,995) |
| Finance costs | (894,141) | (964,156) |
| Total expenditure | (5,775,670) | (5,464,771) |
| Profit/(loss) before income tax | (423,521) | 1,652,546 |
| Income tax expense | <u>-</u> | <u>(21,795)</u> |
| Net profit/(loss) for the period | (423,521) | 1,630,751 |
| Other comprehensive income | 68,743 | 124,037 |
| Total comprehensive income/(expense) for the period | (354,778) | 1,754,788 |
| Basic and diluted profit/(loss) per share attributable to the ordinary equity holders of the Company (cents per share) | <u>(0.42)</u> | <u>1.61</u> |

The above Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Condensed Consolidated Statement of Financial Position as at 30 June 2020

| | Notes | 2020.6.30 \$ | 2019.12.31 \$ |
|--------------------------------------|-------|-------------------|-------------------|
| Current assets | | | |
| Cash and cash equivalents | | 6,177,700 | 8,645,473 |
| Trade receivables | 4 | 17,471,806 | 16,266,037 |
| Inventories | 5 | 30,399,278 | 26,418,375 |
| Term deposits | | 98,688 | 196,415 |
| Prepayments | | 15,021,830 | 14,303,760 |
| Other receivables | | 227,120 | 136,025 |
| Total current assets | | 69,396,422 | 65,966,085 |
| Non-current assets | | | |
| Plant and equipment | 6 | 10,059,782 | 11,171,522 |
| Right-of-use asset | 7 | 847,435 | 855,894 |
| Deferred tax assets | | 762,431 | 584,783 |
| Total non-current assets | | 11,669,648 | 12,612,199 |
| Total assets | | 81,066,070 | 78,578,284 |
| Current liabilities | | | |
| Trade and other payables | | 38,498,887 | 32,967,618 |
| Borrowings | 8 | 26,522,472 | 28,439,316 |
| Total current liabilities | | 65,021,359 | 61,406,934 |
| Non-current liabilities | | | |
| Borrowings | 8 | 1,028,004 | 1,022,997 |
| Other payables | | - | 1,177,690 |
| Total Non-current liabilities | | 1,028,004 | 2,200,687 |
| Total liabilities | | 66,049,363 | 63,607,621 |
| Net assets | | 15,016,707 | 14,970,663 |
| Equity | | | |
| Contributed equity | 9 | 17,143,947 | 16,743,125 |
| Reserve | | 944,082 | 875,339 |
| Accumulated losses | | (3,071,322) | (2,647,801) |
| Total equity | | 15,016,707 | 14,970,663 |

The above Condensed Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Condensed Consolidated Statement of Changes in Equity for the Half Year ended 30 June 2020

| | Contributed Equity \$ | Reserve \$ | Accumulated Losses \$ | Total \$ |
|--|-----------------------------|----------------|-----------------------------|-------------------|
| Balance at 1 January 2020 | 16,743,125 | 875,339 | (2,647,801) | 14,970,663 |
| Loss for the period | - | - | (423,521) | (423,521) |
| Exchange differences on translating foreign controlled entities | - | 68,743 | - | 68,743 |
| Total comprehensive income/(expense) for the period | - | 68,743 | (423,521) | (354,778) |
| Shares issued during the period | 500,000 | - | - | 500,000 |
| Share issue costs | (99,178) | - | - | (99,178) |
| Balance at 30 June 2020 | 17,143,947 | 944,082 | (3,071,322) | 15,016,707 |
| Balance at 1 January 2019 | 16,743,125 | 629,260 | (1,327,430) | 16,044,955 |
| Profit for the period | - | - | 1,630,751 | 1,630,751 |
| Exchange differences on translating foreign controlled entities | - | 124,037 | - | 124,037 |
| Total comprehensive income for the period | - | 124,037 | 1,630,751 | 1,754,788 |
| Adjustment on initial application of AASB 16 | - | - | (1,883,000) | (1,883,000) |
| Balance at 30 June 2019 | 16,743,125 | 753,297 | (1,579,679) | 15,916,743 |

The above Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Condensed Consolidated Statement of Cash Flows for the Half Year ended 30 June 2020

| | 2020.1.1- 2020.6.30 \$ | 2019.1.1- 2019.6.30 \$ |
|---|------------------------------|------------------------------|
| Cash flows from operating activities | | |
| Receipts from customers | 68,633,931 | 72,603,316 |
| Payments to suppliers and employees | (67,977,105) | (69,118,556) |
| Interest received | - | 68,254 |
| Interest paid | (1,034,931) | (925,088) |
| Tax paid | - | (12,972) |
| Net cash inflow/(outflow) from operating activities | (378,105) | 2,614,954 |
| Cash flows from investing activities | | |
| Payments for property, plant and equipment | (89,866) | (104,174) |
| Change in bank balances for restricted use | 103,775 | (2,200,977) |
| Net cash inflow/(outflow) from investing activities | 13,909 | (2,305,151) |
| Cash flows from financing activities | | |
| Proceeds from borrowings | 27,889,480 | 15,446,917 |
| Repayment of borrowings | (30,051,455) | (15,864,401) |
| Payment for capital raising | (99,178) | - |
| Net cash inflow/(outflow) from financing activities | (2,261,153) | (417,484) |
| Net increase/(decrease) in cash and cash equivalents | (2,625,349) | (107,681) |
| Effect of foreign exchange translation | 157,576 | 516,980 |
| Cash and cash equivalents at the beginning of the period | 8,645,473 | 2,172,509 |
| Cash and cash equivalents at the end of the period | 6,177,700 | 2,581,808 |

The above Condensed Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Consolidated Financial Statements for the Half Year ended 30 June 2020

1. Significant Accounting Policies

(a) Statement of compliance

The half year financial report is a general purpose financial report which has been prepared in accordance with the *Corporations Act 2001* and Australian Accounting Standards and Interpretations (**Standards**) issued by the Australian Accounting Standards Board (**AASB**), in particular AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half year report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report.

(b) Basis of preparation

The consolidated financial statements have been prepared on the basis of historical cost, except for certain financial instruments that are measured at fair values at the end of each reporting period. Historical cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the half year consolidated financial report are consistent with those adopted and disclosed in the Group's Annual Financial Report for the Year ended 31 December 2019, except for the impact of the Standards described below. These accounting policies are consistent with the Standards and with International Financial Reporting Standards.

(c) Adoption of new and revised accounting standards

The Group has adopted all of the new and revised Standards issued by the AASB that are relevant to its operations and effective for the current half year.

At the date of authorisation of the Financial Statements, the Standards applicable to the Group's business listed below were in issue but not yet effective. The potential effect of the revised Standards on the Company's financial statements has not yet been determined.

- *AASB 2014-10 Amendments to Australian Accounting standards – Sale or Contribution of Assets between an investor and its Associates or Joint Venture [AASB 10 & AASB 128], AASB 2015-10 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and AASB 2017-5 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections, effective for annual reporting periods beginning on or after 1 January 2022.*

1. Significant Accounting Policies (Continued)

(c) Adoption of new and revised accounting standards (continued)

- *AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current, effective for annual reporting periods beginning on or after 1 January 2022;*
- *AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments, effective for annual reporting periods beginning on or after 1 January 2022.*

2. Segment Reporting

The Group's activities are primarily in one industry segment of manufacturing and sale of metal products. For management purposes, the Group has identified two geographical markets for its sales, being China and Overseas. The identification is based on the geographical locations of the customers. However, the Group has not accounted for its costs and expenses based on its geographical markets. All manufacturing assets are located in China. Cost and expenditure are not allocated between these two geographical segments.

| | 2020.1.1- 2020.6.30 | 2019.1.1- 2019.6.30 |
|---|--------------------------------|------------------------|
| | \$ | \$ |
| Segment revenue | | |
| China | 47,855,202 | 49,169,684 |
| Overseas | 13,650,601 | 28,735,183 |
| Total revenue | 61,505,803 | 77,904,867 |
| Unallocated: | | |
| Other income | 2,676,877 | 2,961,401 |
| Cost of sales | (58,830,531) | (73,748,951) |
| Other corporate and administration net expenses | (4,881,529) | (4,500,615) |
| Finance costs | (894,141) | (964,156) |
| Net profit/(loss) before income tax | (423,521) | 1,652,546 |
| | 2020.6.30 | 2019.12.31 |
| | \$ | \$ |
| Assets: | | |
| Receivables due from overseas customers | 1,143,201 | 3,310,951 |
| Receivables due from Chinese customers | 16,328,605 | 12,955,086 |
| Other assets - unallocated | 63,594,264 | 62,312,247 |
| Total assets | 81,066,070 | 78,578,284 |
| Total liabilities - unallocated | 66,049,363 | 63,607,621 |

3. Dividends

There were no dividends paid or declared by the Company during the period.

4. Trade Receivables

| | 2020.6.30 | 2019.12.31 |
|-------------------------------------|--------------------|-------------|
| | \$ | \$ |
| Trade receivables | 19,367,098 | 17,637,362 |
| Less: Allowance for impairment loss | (1,895,292) | (1,371,325) |
| | 17,471,806 | 16,266,037 |

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

5. Inventories

| | 2020.6.30 | 2019.12.31 |
|------------------|-------------------|------------|
| | \$ | \$ |
| Raw material | 11,817,034 | 15,168,606 |
| Work-in-progress | 5,293,858 | 5,674,354 |
| Finished goods | 13,288,386 | 5,575,415 |
| | 30,399,278 | 26,418,375 |

6. Plant and Equipment

| | 2020.6.30 | 2019.12.31 |
|--|---------------------|--------------|
| | \$ | \$ |
| <u>Plant and equipment</u> | | |
| At cost | 33,765,184 | 33,515,735 |
| Accumulated depreciation | (23,808,323) | (22,479,377) |
| Total plant and equipment | 9,956,861 | 11,036,358 |
| <u>Furniture, fixture and fittings</u> | | |
| At cost | 62,665 | 62,360 |
| Accumulated depreciation | (43,805) | (40,517) |
| Total furniture, fixture and fittings | 18,860 | 21,843 |
| <u>Motor Vehicles</u> | | |
| At cost | 101,499 | 100,991 |
| Accumulated depreciation | (70,865) | (63,253) |
| Total motor vehicles | 30,634 | 37,738 |
| <u>Leasehold improvements</u> | | |
| At cost | 135,155 | 134,497 |
| Accumulated depreciation | (81,728) | (58,914) |
| Total leasehold improvements | 53,427 | 75,583 |

6. Plant and Equipment (continued)

| | Plant and Equipment | Furniture, Fixture and Fittings | Motor Vehicles | Leasehold Improvements | Total |
|------------------------|--------------------------------|--|---------------------------|-----------------------------------|--------------|
| | \$ | \$ | \$ | \$ | \$ |
| Balance at 2020.1.1 | 11,036,358 | 21,843 | 37,738 | 75,583 | 11,171,522 |
| Additions | 89,866 | - | - | - | 89,866 |
| Depreciation | (1,281,774) | (3,249) | (7,679) | (23,687) | (1,316,389) |
| Translation difference | 112,411 | 266 | 575 | 1,531 | 114,783 |
| Balance at 2020.6.30 | 9,956,861 | 18,860 | 30,634 | 53,427 | 10,059,782 |
| Balance at 2019.1.1 | 11,598,473 | 22,901 | 149,536 | 90,710 | 11,861,620 |
| Additions | 98,960 | 5,214 | - | - | 104,174 |
| Depreciation | (1,178,446) | (2,998) | (18,293) | (18,452) | (1,218,189) |
| Translation difference | 94,508 | 161 | 1,244 | 797 | 96,710 |
| Balance at 2019.6.30 | 10,613,495 | 25,278 | 132,487 | 73,055 | 10,844,315 |

At 30 June 2020, certain machinery and equipment with carrying amount of RMB18,886,118, approximately equivalent to AUD3,882,996, were charged as securities for borrowings granted to Jiangsu Kemao New Materials Technology Co. Ltd, the Company's wholly owned subsidiary in China (31 December 2019: RMB21,570,643).

At 30 June 2020, machinery and equipment with carrying amount of RMB4,128,562, approximately equivalent to AUD848,835 were charged as securities for borrowings granted to a company controlled by Mr Dong Chen, the Managing Director of the Company (31 December 2019: RMB4,509,828).

7. Right-of-use Asset

| | 2020.6.30 | 2019.12.31 |
|--------------------------------|------------------|------------|
| | \$ | \$ |
| Carrying balance of the period | 855,894 | 881,067 |
| Amortisation of the period | (8,459) | (25,173) |
| Ending balance of the period | 847,435 | 855,894 |

8. Borrowings

| | 2020.6.30 | 2019.12.31 |
|-----------------------|-------------------|------------|
| | \$ | \$ |
| Short-term borrowings | 26,522,472 | 28,439,316 |
| Long-term borrowings | 1,028,004 | 1,022,997 |
| | 27,550,476 | 29,462,313 |

All of the borrowings are denominated in RMB. Interest charged in the current period from 4.80% to 6.90% per annum.

As at 30 June 2020, term loans are secured by:

- machinery and equipment as disclosed in Note 5;
- guaranteed by Mr Dong Chen and his associates. Mr Chen the Managing Director and a substantial shareholder of the Company;
- guarantee by third parties.

9. Equity Securities Issued

| | 2020.1.1- 2020.6.30 | 2019.1.1- 2019.6.30 | 2020.1.1- 2020.6.30 | 2019.1.1- 2019.6.30 |
|--|--------------------------------|--------------------------------|------------------------|------------------------|
| | Number | Number | \$ | \$ |
| Movement of ordinary shares fully paid: | | | | |
| Beginning balance | 100,000,000 | 100,000,000 | 16,743,125 | 16,743,125 |
| Issued during the period, net of transaction costs | 1,000,000 | - | 500,000 | - |
| Capital raising costs | - | - | (99,178) | - |
| Ending balance: | 101,000,000 | 100,000,000 | 17,143,947 | 16,743,125 |

10. Related Party Transactions

Remuneration arrangements of key management personnel are disclosed in the annual financial report.

Apart from the management's remuneration, the balances due from/to the related parties at the end of the period were as follows:

| | 2020.6.30 | 2019.12.31 |
|---|------------------|------------|
| | \$ | \$ |
| Amount owing to Mr Jianping Zhou | 61,681 | 164,480 |
| Amount owing from Mr Dong Chen and his associates | 1,486,313 | 975,094 |

11. Subsequent Events

The impact of the Coronavirus (COVID-19) pandemic is ongoing, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government, Chinese Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

There were no matters or circumstances arising since the end of the reporting period that have significantly affected, or may significantly affect the operations of the Group and the results of those operations on the state of the affairs of the Group in the financial period subsequent to 30 June 2020.

Directors' Declaration

The directors declare that:

- ✦ In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- ✦ In the directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the entity.

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

On behalf of the Board



Chong Peng Leong
Non-executive Chairperson

Perth, 29 September 2020



INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF KEMAO INDUSTRIES LIMITED

Report on the Half-year Financial Report

Conclusion

We have reviewed the half-year consolidated financial report of Kemao Industries Limited ("the Company") and its controlled entities ("the Group") which comprises the consolidated statement of financial position as at 30 June 2020 consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year period.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year consolidated financial report of Kemao Industries Limited does not comply 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 performance for the half-year ended on that date; and
- ii. complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of Financial Report Performance by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code. We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the Directors for the Half-Year Financial Report

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



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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF KEMAO INDUSTRIES LIMITED

Auditor's Responsibility for the Review of the Half-Year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 30 June 2020 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Regulations 2001*.

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

A handwritten signature in black ink that reads 'MGI Perth'.

MGI Perth Audit Services Pty Ltd

A handwritten signature in black ink that reads 'Clayton Lawrence'.

**Clayton Lawrence
Director**

**29 September 2020
Perth, Western Australia**