

ALLWELLNESS HOLDINGS GROUP LIMITED

ABN 42 604 613 050



Half-Yearly Financial Report

31 December 2017

ALLWELLNESS HOLDINGS GROUP LIMITED

ABN 42 604 613 050

DIRECTORS' REPORT

Your directors present their financial report on the consolidated entity ("Group") for the half year ended 31 December 2017.

Directors

The name of the directors in office at any time during or since the end of the period is:

Mr Yong Zhang (appointed 6 March 2015)

Mr Chen Wang (appointed 1 December 2016)

Mr Yilong Shan (appointed 1 December 2016)

Review of Operations and Financial Results

The loss of the consolidated entity for the half year period ended 31 December 2017 after providing for income tax amounted to \$87,911 (31 December 2016: Loss of \$39,106). Sales for the half year ended 31 December 2017 were \$225,581 (31 December 2016: \$80,360).

Principal Activities

The principal activities of the group during the half year period ended 31 December 2017 included exporting health care products to China.

There has been no significant change in the nature of these activities during the period.

Events Subsequent to the End of the Reporting Period

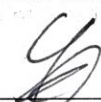
No matters or circumstances have arisen since the end of the half year period ended 31 December 2017 which significantly affected or may significantly affect the operations of the group, the results of those operations, or the state of affairs of the group in future financial years.

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 2.

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

Director




Mr Yong Zhang

Dated this 14th day of March 2018, Sydney

**AUDITORS' INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF ALLWELLNESS HOLDINGS GROUP LIMITED**

We declare that, to the best of our knowledge and belief, during the half year period ended 31 December 2017 there have been:

- (i) no contraventions of the auditors' independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.



Walker Wayland NSW
Chartered Accountants



Wali Aziz
Principal

Dated this 14th day of March 2018, Sydney

ALLWELLNESS HOLDINGS GROUP LIMITED

ABN 42 604 613 050

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF YEAR PERIOD ENDED 31 DECEMBER 2017

	Note	Consolidated Group	
		December 2017 \$	December 2016 \$
Sales revenue		225,581	80,360
Less: Cost of sales		(113,300)	(49,014)
Gross profit		112,281	31,346
OTHER REVENUE AND OPERATING EXPENDITURES			
Interest income		1,453	759
Rent	2a	(20,070)	(19,486)
Depreciation and amortisation	2a	(5,675)	(290)
Professional fees		(34,873)	(35,247)
Employee benefits		(94,589)	(12,635)
Marketing expenses		(6,038)	(1,130)
Other administrative costs	2b	(40,400)	(2,423)
		(200,192)	(70,452)
Loss before income tax		(87,911)	(39,106)
Income tax expense		–	–
Loss after income tax		(87,911)	(39,106)
Total comprehensive loss for the year		(87,911)	(39,106)
Total comprehensive loss attributable to members of the parent entity		(87,911)	(39,106)
Loss per share			
Basic loss per share (cents per share)		(0.35)	(0.16)
Diluted loss per share (cents per share)		(0.35)	(0.16)

The accompanying notes form part of these financial statements.

ALLWELLNESS HOLDINGS GROUP LIMITED

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

	Note	Consolidated Group	
		As at 31 December 2017	As at 30 June 2017
		\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	3	554,249	664,273
Trade and other receivables		5,092	8,497
Inventories		163,247	133,015
Other assets		44,722	36,060
TOTAL CURRENT ASSETS		767,310	841,845
NON-CURRENT ASSETS			
Intangible assets		6,661	7,455
TOTAL NON-CURRENT ASSETS		6,661	7,455
TOTAL ASSETS		773,971	849,300
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		9,442	10,000
TOTAL CURRENT LIABILITIES		9,442	10,000
NON-CURRENT LIABILITIES			
Financial liabilities	4	356,252	343,112
TOTAL NON-CURRENT LIABILITIES		356,252	343,112
TOTAL LIABILITIES		365,694	353,112
NET ASSETS		408,277	496,188
EQUITY			
Issued capital	5	740,866	740,866
Accumulated losses		(332,589)	(244,678)
TOTAL EQUITY		408,277	496,188

These notes form part of these financial statements.

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR PERIOD ENDED 31 DECEMBER 2017

	Ordinary	Accumulated losses	Total
	\$	\$	\$
Balance at 1 July 2016	1	(103,707)	(103,706)
Issue of shares	740,865	—	740,865
Loss for the period	—	(39,106)	(39,106)
Balance at 31 December 2016	740,866	(142,813)	598,053
Balance at 1 July 2017	740,866	(244,678)	496,188
Loss for the period	—	(87,911)	(87,911)
Balance at 31 December 2017	740,866	(332,589)	408,277

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF YEAR PERIOD ENDED 31 DECEMBER 2017

	Note	Consolidated Group
		Period ended 31 December 2017 \$
		Period ended 31 December 2017 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers		228,986
Payments to suppliers and employees		(348,722)
Interest received		1,453
Net cash (used in) provided by operating activities		(118,283)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for intangible assets		(4,881)
Net cash used in investing activities		(4,881)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issue of shares		—
Loans from related parties		13,140
Repayment of loans to related party		—
Net cash provided by financing activities		13,140
Net (decrease) increase in cash held		(110,024)
Cash at beginning of financial year		664,273
Cash at end of financial year		554,249

These notes form part of these financial statements.

ALLWELLNESS HOLDINGS GROUP LIMITED

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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR PERIOD ENDED 31 DECEMBER 2017

The consolidated financial statements and notes represent those of Allwellness Holdings Group Limited (the "Consolidated Group" or "Group").

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

These general purpose financial statements for the half-year reporting period ended 31 December 2017 have been prepared in accordance with the requirements of AASB 134 Interim Financial Reporting and the Corporations Act 2001. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 Interim Financial Reporting. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2017, together with any public announcements made during the following half year in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The Group has considered the implications of new or amended Accounting Standards but determined that their application to the financial statements is either not relevant or not material.

These financial statements were authorised for issue by the board of directors on the date of signing this financial report.

Accounting Policies

a. Going Concern Basis of Accounting

The financial statements have been prepared on a going concern basis. During the period ended 31 December 2017 the group incurred a net loss of \$87,911 (31 December 2016: Loss of \$39,106) and net cash outflows from operations of \$118,283. As at that date, the group had a net asset position of \$408,277 (30 June 2017: Net assets of \$496,188), which included cash and cash equivalents of \$554,249.

Historically the group has not derived the prescribed level of sales detailed within the distribution agreements that it has with its Chinese Distributors, therefore actual sales have been less than forecast sales in prior periods.

Further to above, Allwellness Holdings Group Limited is dependent on the ongoing financial support of a director not to recall a loan of \$356,252 (as disclosed in Note 4), accordingly a letter of financial support has been obtained confirming that the loan will not be recalled within 12 months from the date this financial report is signed.

The group's ability to continue as a going concern and meet its commitments as they fall due is dependent upon the ability of the group to successfully take appropriate actions which include meeting sales targets, generating positive cash flows from operations and the continued financial support of directors and or related parties.

As a result of these matters, there is material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. The consolidated financial statements do not include adjustments relating to the recoverability or classification of the recorded asset amounts nor to the amount or classification of liabilities that might be necessary should the group not be able to continue as a going concern. The directors consider that it is reasonable to expect that the Group will be successful in the above matters and, accordingly, have prepared the consolidated financial statements on a going concern basis.

In this regard, the Directors note that since 1st January 2018 it has received orders in respect of approximately \$230,000 of products from new clients sourced by its new sales team as well as invoicing a further \$40,000 for goods sold on consignment in the period ending 31 December 2018.

ALLWELLNESS HOLDINGS GROUP LIMITED

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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR PERIOD ENDED 31 DECEMBER 2017

Consolidated Group		
	Period ended 31 December 2017	Period ended 31 December 2016
NOTE 2: LOSS BEFORE INCOME TAX	\$	\$
Loss before income tax includes the following expenses:		
a. Expenses		
Depreciation and amortization expense	5,675	290
Rental expense	20,070	19,486
	<u>25,745</u>	<u>19,776</u>
b. Other administrative costs		
Listing fees	5,072	-
Licensing fees	14,206	-
Freight	6,216	-
Other office expenses	14,906	2,423
	<u>40,400</u>	<u>2,423</u>

	As at 31 December 2017	As at 30 June 2017
NOTE 3: CASH AND CASH EQUIVALENTS	\$	\$
Cash on hand	2	2
Cash at bank	554,247	664,271
	<u>554,249</u>	<u>664,273</u>

NOTE 4: FINANCIAL LIABILITIES

NON-CURRENT

Interest free loan provided by director	356,252	343,112
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The loan is unsecured and has been provided on interest free terms. The director has agreed in writing not to recall the loan within 12 months from the date of signing the half yearly financial report.

NOTE 5: ISSUED CAPITAL

Ordinary Shares	Number of shares	\$
Fully paid ordinary shares as at 30 June 2016	1	1
Issue of 740,865 shares at an issue price of \$1 each on 7 December 2016	740,865	740,865
Share split on 7 December 2016 (1 share split into 1,759,135 shares)	1,759,135	-
Total number of shares as at 31 December 2016	<u>2,500,000</u>	<u>740,866</u>
Share split on 24 February 2017 (1 share split into 10 shares)	25,000,000	740,866
As at 31 December 2017	<u>25,000,000</u>	<u>740,866</u>

Ordinary shares participate in dividends and the proceeds on winding up of the group in proportion to the number of shares held.

At the shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR PERIOD ENDED 31 DECEMBER 2017

NOTE 6: EVENTS AFTER THE BALANCE SHEET DATE

No matters or circumstances have arisen since the end of the half year period which significantly affected or may significantly affect the operations of the group, the results of those operations, or the state of affairs of the group in future financial years.

	Consolidated Group	
	As at 31 December 2017	As at 30 June 2017
	\$	\$
NOTE 7: RELATED PARTY TRANSACTIONS		
Transactions with related parties:		
Interest free loan provided by director – Note 4	356,252	343,112
	For the half year ended 31 December 2017	For the half year ended 31 December 2016
	\$	\$
Sales to company controlled by a director	130,378	47,873

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

NOTE 8: SEGMENT REPORTING

The consolidated entity operates in the exporting of health care products business segment within China.

NOTE 9: CONTINGENT LIABILITIES

There are no contingent assets or contingent liabilities as at the date of this report.

NOTE 10: COMPANY DETAILS

The registered office of the company is:

Unit 21
5 Hudson Avenue
Castle Hill, NSW, Australia, 2154

The principal place of business is:

Unit 21
5 Hudson Avenue
Castle Hill, NSW, Australia, 2154

ALLWELLNESS HOLDINGS GROUP LIMITED

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DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Allwellness Holdings Group Limited, the Directors of the company declare that:

1. The financial statements and notes, as set out on pages 3 to 8 are in accordance with:
 - a. Accounting Standard AASB 134 Interim Financial Reporting, other mandatory professional reporting requirements; and
 - b. giving a true and fair view of the Group's financial position as at 31 December 2017 and of its performance, for the half-year ended on that date; and
2. there are reasonable grounds to believe that Allwellness Holdings Group Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.

Director



Mr Yong Zhang

Dated this 14th day of March 2018, Sydney

Independent Auditors Review Report to the Members of Allwellness Holdings Group Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Allwellness Holdings Group Limited (the Company) and its Controlled Entity (collectively the Group) which comprises the consolidated statement of financial position as at 31 December 2017, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group is not in accordance with the Corporations Act 2001, including:

- a) giving a true and fair view of the consolidated financial position of the Group as at 31 December 2017 and of its consolidated financial performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

Material Uncertainty regarding Going Concern

Without modifying our opinion, we draw attention to the following matter. As a result of the matters disclosed in Note 1a "Going Concern basis of accounting" of the financial report, there is material uncertainty whether the Group can continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at amounts stated in the financial report. The ability of the Group to continue as a going concern is dependent upon its ability to generate sufficient cash surpluses from operations achieving sales forecasts, and the continual financial support of the directors and related parties.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the Corporations Act 2001 including; giving a true and fair view of the Group's consolidated financial position as at 31 December 2017 and its consolidated financial performance for the half year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

A handwritten signature in black ink that reads 'Walker Wayland NSW'.

Walker Wayland NSW
Chartered Accountants

A handwritten signature in black ink, appearing to be 'Wali Aziz'.

Wali Aziz
Principal

Dated this 14th day of March 2018, Sydney