

Australia Samly Holdings Group Limited

ACN 164 307 975

Half-year Financial Report - 31 December 2017

Australia Samly Holdings Group Limited

Contents

31 December 2017

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Australia Samly Holdings Group Limited**Corporate directory****31 December 2017**

Directors	Liangchao Chen (Executive Director and Chairman) Ying Yao (Executive Director) Pin Yin (Executive Director) Weicheng Huang (Independent Non-Executive Director) Enhua Huang (Independent Non-Executive Director)
Company secretaries	Jiajun Li Pin Yin
Registered office	C/- Baker & Mackenzie AMP Centre, Level 27 50 Bridge Street Sydney, NSW 2000, AUSTRALIA
Principal place of business	C/- Baker & Mackenzie AMP Centre, Level 27 50 Bridge Street Sydney, NSW 2000, AUSTRALIA
Share register	ShareBPO Pty Ltd Level 1, 51-57 Pitt Street Sydney NSW 2000
Auditor	Nexia Melbourne Audit Pty Ltd 12/31 Queen St, Melbourne, VIC 3000
Solicitors	Baker & Mackenzie AMP Centre, Level 27 50 Bridge Street Sydney, NSW 2000, AUSTRALIA
Bankers	Commonwealth Bank of Australia 28 Kingsway Glen Waverley, VIC 3150
Stock exchange listing	Australia Samly Holdings Group Limited shares are listed on the Sydney Stock Exchange (SSX code: 8SA)
Website	www.samly.net

Australia Samly Holdings Group Limited

Directors' report

31 December 2017

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Australia Samly Holdings Group Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled for the half-year ended 31 December 2017.

Directors

The following persons were directors of Australia Samly Holdings Group Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Liangchao Chen (Executive Director and Chairman)
Ying Yao (Executive Director)
Pin Yin (Executive Director)
Weicheng Huang (Independent Non-Executive Director)
Enhua Huang (Independent Non-Executive Director)

Principal activities

During the half year the principal continuing activities of the consolidated entity consisted of:

- Research and development nutrition and dietary supplements;
- Produce nutrition and dietary supplements; and
- Sale of nutrition and dietary supplements.

Review of operations

The loss for the consolidated entity after providing for income tax amounted to \$110,598 (31 December 2016: loss of \$895,225). Gross sales, when translated to Australian dollars, decreased by \$227,088 to \$4,761,616. Gross profit decreased by 15.76% to \$1,718,386 (31 December 2016: \$2,039,869).

Net assets of the Group as of 31 December 2017 have decreased by \$158,782 to \$668,897 at 31 December 2017.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the consolidated entity during the financial half-year.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



Liangchao Chen
Executive Chairman
Melbourne, 15 March 2018

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF AUSTRALIA SAMLY HOLDINGS GROUP LIMITED

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2017 there have been:

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



Nexia Melbourne Audit Pty Ltd
Melbourne



Richard S. Cen
Director

Dated this 15th day of March 2018

Australia Samly Holdings Group Limited
Consolidated statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2017

	Note	Consolidated 2017 \$	2016 \$
Revenue	4	4,872,780	5,256,899
Expenses			
Cost of sales		(3,043,230)	(2,948,835)
Sales expense		(863,496)	(1,278,939)
Administration		(709,313)	(921,855)
Marketing		(100,635)	(347,824)
Reversal of impairment		146,804	-
Other expenses		(19,924)	(525,448)
Finance costs		(245,857)	(214,364)
Profit/(Loss) before income tax expense		37,129	(980,366)
Income tax (expense)/benefit		(147,727)	85,141
Loss after income tax expense for the half-year attributable to the owners of Australia Samly Holdings Group Limited		(110,598)	(895,225)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		(48,184)	(92,069)
Other comprehensive income for the year, net of tax		(48,184)	(92,069)
Total comprehensive income for the half-year attributable to the owners of Australia Samly Holdings Group Limited		<u>(158,782)</u>	<u>(987,294)</u>
		Cents	Cents
Basic earnings per share		(0.32)	(2.58)
Diluted earnings per share		(0.32)	(2.58)

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

Australia Samly Holdings Group Limited
Consolidated statement of financial position
As at 31 December 2017

	Note	Consolidated 31 December 2017 \$	30 June 2017 \$
Assets			
Current assets			
Cash and cash equivalents		2,169,793	1,287,396
Trade and other receivables		2,719,085	2,660,657
Inventories		1,846,124	1,643,278
Other assets		514,039	314,663
Total current assets		<u>7,249,041</u>	<u>5,905,994</u>
Non-current assets			
Trade receivables		-	699,202
Property, plant and equipment		6,667,326	6,644,711
Intangibles		822,616	834,802
Deferred tax		78,746	82,276
Other		8,488	16,791
Total non-current assets		<u>7,577,176</u>	<u>8,277,782</u>
Total assets		<u>14,826,217</u>	<u>14,183,776</u>
Liabilities			
Current liabilities			
Trade and other payables		5,455,530	4,572,491
Borrowings	5	7,687,866	7,715,214
Income tax		401,764	505,364
Employee benefits		192,140	185,050
Other liabilities		420,020	377,978
Total current liabilities		<u>14,157,320</u>	<u>13,356,097</u>
Total liabilities		<u>14,157,320</u>	<u>13,356,097</u>
Net assets		<u>668,897</u>	<u>827,679</u>
Equity			
Issued capital		4,095,429	4,095,429
Reserves		1,320,926	1,328,995
Accumulated losses		<u>(4,747,458)</u>	<u>(4,596,745)</u>
Total equity		<u>668,897</u>	<u>827,679</u>

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

Australia Samly Holdings Group Limited
Consolidated statement of changes in equity
For the half-year ended 31 December 2017

Consolidated	Issued capital \$	Accumulated Losses \$	Reserves \$	Total equity \$
Balance at 1 July 2016	4,095,429	(3,208,800)	1,415,322	2,301,951
Loss after income tax expense for the half-year	-	(895,225)	-	(895,225)
Other comprehensive income for the half-year, net of tax	-	-	(92,069)	(92,069)
	-	(895,225)	(92,069)	(987,294)
Total comprehensive income for the half-year				
<i>Transactions with owners in their capacity as owners:</i>				
Appropriation of surplus reserves	-	(28,060)	28,060	-
Balance at 31 December 2016	4,095,429	(4,132,085)	1,351,313	1,314,657
Consolidated	Issued capital \$	Accumulated Losses \$	Reserves \$	Total equity \$
Balance at 1 July 2017	4,095,429	(4,596,745)	1,328,995	827,679
Loss after income tax expense for the half-year	-	(110,598)	-	(110,598)
Other comprehensive income for the half-year, net of tax	-	-	(48,184)	(48,184)
	-	(110,598)	(48,184)	(158,782)
Total comprehensive income for the half-year				
<i>Transactions with owners in their capacity as owners:</i>				
Appropriation of surplus reserves	-	(40,115)	40,115	-
Balance at 31 December 2017	4,095,429	(4,747,458)	1,320,926	668,897

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

Australia Samly Holdings Group Limited
Consolidated statement of cash flows
For the half-year ended 31 December 2017

	Consolidated	
	2017	2016
	\$	\$
Cash flows from operating activities		
Receipts from customers	7,787,037	6,546,432
Payments to suppliers and employees	(6,049,076)	(6,808,971)
Interest received	299	1,543
Interest paid	(245,857)	(213,496)
Net cash provided/(used in) by operating activities	1,492,403	(474,492)
Cash flows from investing activities		
Payments for property, plant and equipment	(206,243)	(593,180)
Payments for term deposits	-	(566,758)
Proceeds from disposal of property, plant and equipment	56,734	11,968
Net cash used in investing activities	(149,509)	(1,147,970)
Cash flows from financing activities		
Proceeds from borrowings	2,803,727	559,883
Advances from related parties	32,500	52,955
Repayment of borrowings	(3,043,329)	(275,030)
Net cash (used in)/provided by financing activities	(207,102)	337,808
Net increase/(decrease) in cash and cash equivalents	1,135,792	(1,284,654)
Cash and cash equivalents at the beginning of the financial half-year	1,287,396	2,896,548
Effects of exchange rate changes on cash	(253,395)	(60,514)
Cash and cash equivalents at the end of the financial half-year	2,169,793	1,551,380

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

Australia Samly Holdings Group Limited
Notes to the financial statements
31 December 2017

Note 1. General information

The financial report covers Australia Samly Holdings Group Limited as a consolidated entity consisting of Australia Samly Holdings Group Limited and the entities it controlled. The financial statements are presented in Australian Dollars, which is Australia Samly Holdings Group Limited's presentation currency and the functional currency of the parent entity. The functional currency of the operating companies is the Chinese Yuan Renminbi ("RMB"). All amounts are translated to the presentation currency of the parent entity.

The financial report consists of the financial statements, notes to the financial statements and the directors' declaration.

Australia Samly 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:

C/- Baker & Mackenzie
AMP Centre, Level 27
50 Bridge Street
Sydney, NSW 2000

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

The financial report was authorised for issue, in accordance with a resolution of directors, on 15 March 2018. The directors have the power to amend and reissue the financial report.

Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2017 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2017 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

Going concern

As at 31 December 2017 the consolidated entity had cash and cash equivalents and term deposit investments of \$2,169,793 and was in a net current liability position of \$6,908,279. These conditions indicate a material uncertainty that may cast a significant doubt about the consolidated entity's ability to continue as a going concern.

The financial statements have been prepared on the basis that the consolidated entity is a going concern, which contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business for the following reasons:

- The consolidated entity is confident of securing further external financing in response to short term working capital demand. The Chairman of the consolidated entity has confirmed that he will continue to offer his private assets to be pledged as a guarantee in order to secure loans.
- The executive director of the consolidated entity will not demand repayment of the loan of \$113,420 as at 31 December 2017 for a period of at least 12 months and are prepared to provide continuous financial support, if required, as in prior years.
- The net current liability position as at 31 December 2017 included deferred revenue of \$78,746 which is a non-cash item.
- The directors have prepared budgets which demonstrate that, based on the above factors; the consolidated entity has sufficient funds available to meet its commitments for at least twelve months from the date of signing this report.

Note 2. Significant accounting policies (continued)

Should the consolidated entity not be able to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the consolidated entity not continue as a going concern.

Fair value

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

The carrying amount of trade and other receivables, prepayments, inventories, trade and other payables, borrowings and other payables is approximate the fair value given their short term nature.

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.

Estimation of useful lives of assets

The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life prepaid lease assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold are written off or written down.

Income tax

The consolidated entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liabilities for anticipated tax audit issues based on the consolidated entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Recovery of deferred tax assets

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

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.

Note 2. Significant accounting policies (continued)

Provision for impairment of receivables

The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the recent sales experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtors' financial position.

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 within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are recognised in non-current liabilities, provided there is an unconditional right to defer settlement of the liability. The liability is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

New, revised or amending Accounting Standards and Interpretations adopted

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

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

Note 3. Operating segments

Identification of reportable operating segments

The consolidated entity is organised into three operating segments: Production, New Life and Technology, and unallocated. These operating segments are based on the internal reports that are reviewed by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The CODM reviews NPBT (Net Profit Before Tax). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The information reported to the CODM is on at least a monthly basis.

Types of products and services

The principal products and services of each of these operating segments are as follows:

Production	Manufacture and sale of nutrition and dietary supplements
New Life	The purchase and resale of finished goods in the nutrition market
Technology	Research and the purchase and resale of supplements

Refer to operating segment information on the next page

Australia Samly Holdings Group Limited
Notes to the financial statements
31 December 2017

Note 3. Operating segments (continued)

Operating segment information

Consolidated – 31 December 2017	Production \$	New Life \$	Technology \$	Unallocated \$	Total \$
Revenue					
Sales to external customers	4,226,429	–	535,187	–	4,761,616
Government grants	110,299	154	412	–	110,865
Interest received	263	7	29	–	299
Total revenue	4,336,991	161	535,628	–	4,872,780
Segment result	180,443	(3,732)	(74,321)	(65,261)	37,129
Profit/(loss) before income tax expense					37,129
Income tax expense					(147,727)
Loss after income tax expense					(110,598)
Consolidated - 31 December 2017					
Assets					
Segment assets	14,448,343	7,802	250,280	119,792	14,826,217
Total assets					14,826,217
Liabilities					
Segment liabilities	13,575,603	49,789	391,758	140,170	14,157,320
Total liabilities					14,157,320
Consolidated - 31 December 2016	Production \$	New Life \$	Technology \$	Unallocated \$	Total \$
Revenue					
Sales to external customers	4,121,722	12,373	854,609	–	4,988,704
Government grants	180,734	–	–	–	180,734
Other	85,464	71	383	–	85,918
Interest received	1,465	16	62	–	1,543
Total revenue	4,389,385	12,460	855,054	–	5,256,899
Segment result	(902,934)	(125,338)	114,036	(66,130)	(980,366)
Profit/(loss) before income tax expense					(980,366)
Income tax benefit					85,141
Loss after income tax expense					(895,225)
Consolidated - 30 June 2017					
Assets					
Segment assets	13,766,121	110,318	240,438	66,899	14,183,776
Total assets					14,183,776
Liabilities					
Segment liabilities	12,241,725	33,641	989,912	90,819	13,356,097
Total liabilities					13,356,097

Note 4. Revenue

	2017	2016
	\$	\$
Sales of goods and raw materials	4,761,616	4,988,704
<i>Other revenue</i>		
Government grants	110,865	180,734
Other	-	85,918
Interest	299	1,543
	<u>111,164</u>	<u>268,195</u>
	<u><u>4,872,780</u></u>	<u><u>5,256,899</u></u>

Note 5. Current liabilities - borrowings

	Consolidated	
	31 December	30 June
	2017	2017
	\$	\$
Bank loans (i)	7,574,446	7,634,394
Loan from directors (ii)	113,420	80,820
	<u><u>7,687,866</u></u>	<u><u>7,715,214</u></u>

- (i) The bank loans at 31 December 2017 represent five loans, the details of the loans outstanding at 31 December 2017 are in the followings:

\$2,851,973 (RMB 14,500,000) and \$1,770,190 (RMB 9,000,000) are provided by Industrial Bank Co., Ltd. Respectively, these loans are due on 21 September 2018 and 20 March 2018 and they carry interest rates at 5.26% p.a. and at 5.57% p.a. These loans are secured against private assets pledged by Executive Chairman Mr Chen and Director Ms Yao.

\$983,439 (RMB 5,000,000) and \$1,967 (RMB 10,000) are provided by Bank of Jiangsu Co Ltd. Respectively, these loans are due on 26 May 2018 and 28 January 2018 and they carry the same interest rates at 5.66% p.a. These loans are secured against the land use right and cash deposit of Shenzhen Vitality Bio-health Technology Jiangsu Co., Ltd ("the Jiangsu entity", a subsidiary company of the consolidated entity).

\$1,966,878 (RMB 10,000,000) is provided by Jiangsu Shuyang Rural Commercial Bank Co., Ltd. The loan is due on 16 April 2018, it carries an interest rate of 8.51% p.a. The loan is secured against factory plants of the Jiangsu entity.

- (ii) The Director's loan provided by Ms Yao is unsecured, interest free and at call. During the half year, Ms Yao advanced \$32,500 to the Company, the balance of the loan is \$113,420 at 31 December 2017.

Note 6. Equity - dividends

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

Note 7. Contingencies

The consolidated entity has no contingent liabilities or capital commitments as at 31 December 2017 (30 June 2017: Nil).

Note 8. Events after the reporting period

No matter or circumstance has arisen since 31 December 2017 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

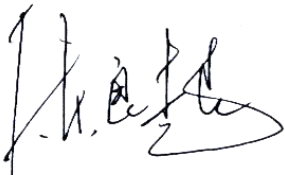
Australia Samly Holdings Group Limited
Directors' declaration
31 December 2017

In the directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the financial half-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.

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

On behalf of the directors

A handwritten signature in black ink, appearing to be 'L. Chen', written over a horizontal line.

Liangchao Chen
Executive Chairman
Melbourne, 15 March 2018

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF AUSTRALIA SAMLY HOLDINGS GROUP LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Australia Samly Holdings Limited, 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.

Directors' Responsibility for the Half-Year Financial Report

The directors of the consolidated entity 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review 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, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Australia Samly Holdings Group Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001* has been provided to the directors of Australia Samly Holdings Group Limited.

Conclusion

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

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

The Nexia logo, featuring the word "Nexia" in a stylized, handwritten-style blue font.

Nexia Melbourne Audit Pty Ltd
Melbourne

A blue ink signature of Richard S. Cen, consisting of several fluid, overlapping loops and a long horizontal stroke at the end.

Richard S. Cen
Director

Dated this 15th day of March 2018

