JATENERGY LIMITED

ABN 31 122 826 242

Annual Report
30 June 2018

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Directors' Report

Your Directors present their report on the consolidated entity (referred to hereafter as "the Group") consisting of Jatenergy Limited ("Jat" or the "Company") and its controlled entities during the year ended 30 June 2018.

Directors

The following persons were Directors of Jatenergy Limited during the whole of the financial year and up to the date of this report.

Anthony Crimmins	Executive Chairman
Xipeng Li	Non-Executive Director
Wilton Yao	Executive Director

Directors have been in office since the start of the year to the date of this report unless otherwise stated.

Principal activities

Following shareholder approval at a general meeting on 27th March 2018, JAT's principal activity is now formally that of a China-Australia cross border specialist in fast moving consumer goods (FMCG). This activity encompasses:

- the origination, development and manufacture of a range of consumer products
- associated brand development, marketing and promotion
- the sale of client and in-house products, primarily in Australia and China via a multichannel strategy including traditional (offline) retail and e-commerce platforms.

OPERATING AND FINANCIAL REVIEW

2018 was a pivotal year for JAT, the benefits of which did not impact earnings during the year, but which will do so in the 2019 financial year and beyond.

Following shareholder approval at a general meeting on 27th March 2018 JAT's principal activity is now formally that of a China-Australia cross border specialist in fast moving consumer goods (FMCG) exports. This approval has allowed JAT to complete a rapid but disciplined transformation.

The China-Australia Free Trade Agreement (ChAFTA) was signed in June 2015 and became effective in December 2015 creating massive new opportunities for Australian producers. During that year, the Board decided to make use of JAT's Chinese business network and cross border expertise to take advantage of the opportunities offered by ChAFTA, Chinese consumer appetite for Australian produce and JAT's abilities to navigate China's complex distribution systems and regulatory regime.

Initially the strategic focus was on market penetration, building expertise and generating a critical mass of business flows. By June 2016, JAT's FMCG sales reached around $1 million, growing to $10 million in the 2017 financial year. It became clear, however, that margins would remain extremely

Directors' Report

tight unless and until JAT was able to control product supply, market positioning and pricing. Accordingly, a strategy was developed to utilise the new expertise and business flows to transition from growth to profitability by creating JAT owned and controlled brands with a focus on dairy products and infant milk formula.

Accordingly, in 2018, whilst FMCG trading of third party brands continued, management focus was on developing and acquiring in-house brands. This included making strategic acquisitions, arranging the distribution channels to take advantage of those acquisitions, and applying the capital funds needed to grow the acquired businesses. Although much preparation could be done prior to shareholder approval to change the nature of JAT's business activities, implementation could not be completed until that approval was secured at the end of March 2018.

The strategic acquisitions of controlling interests in Golden Koala Group Pty Ltd and Green Forest International Pty Ltd, together with ongoing expansion of JAT's China distribution capacity has now positioned JAT to become a significant exporter of Australian consumer goods to China based on four 'strategic pillars'.

1. PRODUCTS

In-house products offering security of supply, control over positioning and pricing, and higher margins.

2. CROSS-BORDER

Online sales to Chinese consumers from offshore platforms, helping to establish brand presence and drive sales.

3. DISTRIBUTION

High volume wholesaling to daigou groups and Chinese distribution channels, online and offline.

4. RETAIL

Chinese retail presence, expanding brand penetration and a combination of high sales volumes and margins.

PRODUCTS. *In-house products offering security of supply, control over positioning and pricing, and higher margins.*

GOLDEN KOALA brings JAT a dairy product and infant formula brand with traction in the Chinese market. Golden Koala has been selling into Chinese department stores and online to Chinese consumers for 7 years. Its range includes 100% Australian made infant formula, instant full cream milk powder, and skim milk powder.

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Since the acquisition, JAT and Golden Koala have developed a new "OPO" formulation for infant formula. OPO is a triglyceride fatty composition (Oleic-Palmitic-Oleic) found in mother's milk. Traditional fat blends found in most infant formula have a different (POP) structure. The OPO fatty acid structure has been demonstrated in clinical studies to be associated with; increased absorption of calcium and energy, increased bone strength, healthier gut bacteria and intestinal health, less crying, less constipation and better sleep. These benefits are widely recognised in China, resulting in strong demand and higher margins.

At the conclusion of the 13th National People's Congress of the People's Republic of China on 21 March 2018, it was announced that the China Food and Drug Administration (CFDA) will merge with other administrative bodies to form a national market supervision administration. Accordingly, from this time, all new shipments of infant formula to China must receive new approval. Golden Koala had the requisite infant formula approvals prior to March and stock already in the country continued to be sold online and in supermarkets. An application is currently being prepared for regulatory approval for domestic sales of Golden Koala's new Chinese language packaged OPO infant formula range. New English language label Golden Koala milk products are also being manufactured, destined for cross-border distribution - which does not require regulatory approval.

On 13th June 2018 JAT broadened its in-house product range substantially by agreeing (subject to shareholder approval) to purchase 51% of SUNNYA PTY LTD, a brand owner and exporter with a portfolio of infant and children health products already selling into China, including NEURIO – Lactoferrin Milk Powder, DHA Algae Oil Softgel, and Probiotics Liquid, and RAICARE Goat Premium Infant Formula.

Sunnya management also brings extensive expertise in the research and development of new dairy products, infant formulas, and other health products, expanding JAT's capacity to develop more products to offer the market in the future.

On 12 April 2018, JAT announced an agreement with Shanghai Dragon Corporation (SDC) to co-develop JAT's COBBITTY COUNTRY brand for a planned range of in-house products, which will include milk products, biscuits, toothpaste, soap, and other high volume FMCGs.

CROSS-BORDER. Online sales to Chinese consumers from offshore platforms, helping to establish brand presence and drive sales. Over the 2018 financial year, JAT arranged cross border sales channels with China's internet giants:

TMall - JAT distributes a wide range of products including Neurio milk powder on TMall Global through Woolworths TMall flagship store and other TMall shopfronts.

JD.hk - JD Global has approved the sale of Golden Koala and Neurio Australian dairy products online to Chinese consumers on JD Global's cross-border platform JD.hk.

Kaola - JAT has been selected by NetEase Kaola to establish a flagship presence on Kaola.com, providing a valuable opportunity to showcase and sell Golden Koala, Neurio and other JAT products.

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Xiaohongshu - A social media based cross-border platform that promotes luxury, beauty and fashion products and encourages shoppers to share content, ideas, bargains and shopping tips.

Huibao - Huibao is promoting and selling NEURIO and other JAT products through its Community O2O platform, using mobile apps to promote, sell and deliver JAT products to consumers.

Cyclone - Cyclone is selling NEURIO and other JAT products via its proprietary cross-border e-commerce platforms and to Hipac, Momtime and platforms, O2O experience stores and micro-marts.

DISTRIBUTION. *High volume wholesaling to daigou groups and Chinese distribution channels,* online and offline.

In May, JAT expanded its distribution capacity substantially by arranging to acquire a controlling interest in GREEN FOREST INTERNATIONAL PTY LTD, a significant Sydney based wholesaler, distributor and exporter selling to more than 50 shops and pharmacies in Hong Kong and over 200 gift shops, duty free stores and Daigou warehouses in Australia, and Chinese TAOBAO and WECHAT and other online platforms. This acquisition was completed subsequent to the end of the financial year.

Over the year JAT secured distribution agreements spanning China.

JAT and SHANGHAI DRAGON CORPORATION agreed to work together to offer Australian products to Chinese consumers through SDC distribution channels. This will include JAT client products, in-house brands and new product ranges developed together under the Cobbitty Country brand.

SDC is a large, state controlled, publicly listed business with over 40 years of international trading history, strong state support, sales in excess of AUD 1 billion (equivalent) per annum, extensive logistics and warehousing infrastructure, and over 4,000 retail outlets. SDC orders commenced in June.

AUSTRALIAN HUIBAO INTERNATIONAL GROUP LIMITED operates a 'Community O2O' business in five regions of China: Shiyan, Beijing, Xi'an, Tianjin, and Changsha. HUIBAO's Community O2O business utilises mobile apps to promote, sell (via a mobile payment gateway) and deliver products to consumers.

Subsequent to the end of the financial year, Golden Koala entered into a distribution agreement with AustAgri Pty Limited for the next 5 years to sell Golden Koala' Chinese language packaged Premium Range Infant Formula in mainland China, Hong Kong, Macau and Taiwan, as well as via e-commerce platforms. This agreement was mutually terminated for renegotiation with better terms and conditions for Golden Koala.

RETAIL. Chinese retail presence, expanding brand penetration and a combination of high sales volumes and margins.A cornerstone strategy for driving Chinese consumer recognition is the establishment of a network of retail outlets across the country

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JAT is currently planning a cornerstone retail outlet, 'JAT MATERNITY AND CHILDREN' in Hui Yue Kid's City, part of the SHENG RUN GROUP's massive Hui Yue Shopping Mall in Zhengzhou, the capital city of Henan province, home to around 100 million people.

SHANGHAI DRAGON CORPORATION has agreed to set aside space within its retail stores across China for JAT specialty shops.

With these four strategic pillars in place, JAT will be well placed to maximise the value of having secured a high visibility presence at November's inaugural CHINA INTERNATIONAL IMPORT EXPO which is expected to attract over 500,000 visitors from China and around the world, including 150,000 domestic and foreign professional purchasers for private companies, state enterprises, and provincial and municipal governments.

As Directors foreshadowed throughout the year, revenue was low in the 2018 financial year as management focused their efforts on putting in place the above strategies.

These efforts are expected to flow into revenue increasingly over the current financial year as 2019 benefits from the transformative efforts undertaken over the year ending June 2018.

Business Cash Flow

The Company has proceeded with trading of product into China including milk powder, natural supplements, cosmetics, skin creams and other similar product ranges. This operation provides necessary cash flow to the Company to maintain its operations.

During the year, management undertook a cost review program to lower administration and operational costs to reflect the current activities of the Company and sustain the future of the business.

During the year, the Company raised

- $120,000 through a placement in September 2017
- $190,000 through a placement in November 2017
- $1,491,949 through a placement in December 2017
- $1,000,000 through a placement in January 2018
- $8,629,800 through a placement in April 2018
- $5,398,039 through a placement in May 2018

Financial result

The consolidated loss of the Group for the year after providing for income tax amounted to $1,268,891 (2017: $406,025).

Directors' Report

The 2018 loss is attributable to the following:

• Consultancy expenses of	$340,000	(2017: $209,162)
• Occupancy costs of	$ 83,957	(2017: $60,577)
• Directors' fees	$464,000	(2017: $119,500),
• Finance Costs	$139,116	(2017: $Nil)

Financial position

The consolidated statement of financial position at 30 June 2018 reflects cash at bank of $4,218,478 (2017: $98,968). The net assets of the group have increased from $128,651 at 30 June 2017 to $27,174,761 at 30 June 2018 due to the capital raisings and share issues noted above.

Dividends paid or recommended

No dividends were paid or declared since the start of the period. No recommendation for payment of dividends has been made (2017: $nil).

Significant changes in state of affairs

There have been no significant changes in the state of affairs of the Group during the financial year other than those noted in the operations report.

Matters subsequent to the end of the financial year

On 18 July 2018, at an EGM, the company approved the issue of various shares including those to satisfy the acquisition of Green Forrest Pty Ltd. These were issued on 10th August 2018.

On 27 July 2018 the company announced that Mr Xipeng Li was to become Non-Executive Chairman of the company. Anthony Crimmins will move from his role as Chairman to Managing Director.

On 3 August 2018, Golden Koala Pty Ltd entered into a 5-year, $98 million distribution agreement with AustAgri Pty Limited to sell Golden Koala' Chinese language packaged Premium Range Infant Formula in mainland China, Hong Kong, Macau and Taiwan, as well as via e-commerce platforms. On 28 September 2018, this agreement was mutually terminated for renegotiation for more favourable terms for Golden Koala Pty Ltd.

Apart the above there have been no other matters have arisen since 30 June 2018 that have significantly affected, or may significantly affect:

(i) the Company's operations in future financial years; or
(ii) the results of those operations in future financial years; or
(iii) the Company's state of affairs in future financial years.

Likely developments and expected results of operations

Additional comments on expected results of certain operations of the group are included in this annual report under the Operating and Financial Review section.

Directors' Report

Environmental regulations

The consolidated entity's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory in Australia.

Information on directors

Anthony Crimmins

EXECUTIVE CHAIRMAN – (APPOINTED 22 MAY 2012)

Anthony Crimmins has been actively involved in the business development of numerous start-up companies that have been funded and listed on the Australian Securities Exchange. He was fundamental in identifying projects and businesses that could be successfully listed, particularly in "breakthrough" businesses. He worked for 6 years as an environmental engineer and business development manager in Asia, and has a level fluency in Mandarin and an understanding of Asian business practices. He has also previously worked as a general manager, project manager and in commercialisation of technology-based products and services. Mr Crimmins is also a director of Abundant Produce Limited (ASX: ABT).

Xipeng Li

NON-EXECUTIVE DIRECTOR – APPOINTED 15 APRIL 2011)

Li Xipeng is an experienced executive and has served as a Director and Chief Executive Officer of Pinglin Expressway Limited. He has also served as Chairman of Pinglin Expressway Limited since May 2003. Prior to that, Mr Li served as Chairman of HSV, China since May 2001 and as Chairman of Henan Shengrun Real Estate Co Ltd, China, since May 2000. Mr Li graduated from Zhongnan University of Economics and Law and he earned his EMBA at Cheung Kong Graduate School of Business.

Wilton Yao

EXECUTIVE DIRECTOR FROM 1 JULY 2015

Wilton Yao has been involved in business broking industry for more than 10 years and specialises in franchise recruitment and development. He has worked with a number of franchise firms to develop franchise businesses for both local and international markets. Mr Yao has also been involved in managing several retail and franchise businesses for many years and has great experience and knowledge in management and marketing. Mr Yao has strong connections with overseas investors, especially from mainland China and he has worked closely with Australian Government organisations and local companies to promote successful investment projects for Chinese investors. He also provides consulting services to several ASX listed companies, focusing on project exploring and seeking investment funds from overseas investors.

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Information on company secretary

Graeme Hogan (Bcom FCPA FCSA)

COMPANY SECRETARY (PART-TIME) (Resigned 5 December 2017)

Graeme Hogan has worked in the resources industry for over 30 years. He has worked with companies in the following commodities: iron ore, coal, industrial minerals and copper/gold. Graeme has over 20 years' experience as company secretary of both listed and unlisted companies.

Nicholas Falzon

COMPANY SECRETARY (PART-TIME) (Appointed 08 November 2017, Resigned 23 March 2018)

Mr Falzon was appointed on 8 November 2017. He has over 15 years' experience as Chartered Accountant including many roles as a Company Secretary and Chief Financial Officer of listed and unlisted companies.

Brett Crowley

COMPANY SECRETARY (PART-TIME) (Appointed 11 December 2017)

Mr Crowley is a practicing solicitor and a former Partner of Ernst & Young in Hong Kong and Australia, and of KPMG in Hong Kong. Mr Crowley has worked in China, establishing and managing a JV company there. Mr Crowley is an experienced chairman, finance director and company secretary of ASX-listed companies, and is a former Senior Legal Member of the NSW Civil and Administrative Tribunal

Director and audit committee meetings

The number of meetings of the Company's Board of Directors held during the year ended 30 June 2018 and the numbers of meetings attended by each Director were:

	Meetings of directors	
	A	**B**
Anthony Crimmins	3	3
Xipeng Li	3	3
Wilton Yao	3	3

A Number of meetings attended

B Number of meetings held during the time the Director held office

The Directors are in regular contact and decisions are made using circular resolutions of the Directors as permitted by the Company's constitution. The Directors' have found this process is the most effective and cost efficient given they are not resident in the same city.

Directors' Report

Corporate Governance

The Board of Director of Jatenergy Limited is responsible for the corporate governance of the consolidated entity. The Board guides and monitors the business and affairs of Jatenergy Limited on behalf of the shareholders by whom they are elected and to whom they are accountable.

Jatenergy Limited's corporate governance practices were in place for the whole year and were compliant with the ASX Governing council's best practice recommendations, unless otherwise stated.

Information on corporate governance is available included in this Annual Report and further information can be requested from the Company's corporate office – Unit 23, 376-3810 Eastern Valley Way, Chatswood NSW 2067.

Risk management

The Company takes a proactive approach to risk management. Management, through the Chief Executive Officer, is responsible for designing, implementing and reporting on the adequacy of the Company's risk management and internal control system. The risk management program is approved and monitored by the Board. Management reports to the Board on the Company's key risks and the extent to which it believes these risks are being managed. This is performed informally on a six-monthly basis or more frequently as required by the Board.

The Board is responsible for satisfying itself annually, or more frequently as required, that management has developed and implemented a sound system of risk management and internal control.

The Company has developed a series of risks which the Company believes to be inherent in the business and industry in which the Group operates.

These include:

- operating risk;
- environmental risk;
- branding and reputation risk;
- legal, compliance and regulatory risk;
- competitor and market risk;
- intellectual property risk;
- occupational health and safety risk; and
- financing and adequacy of capital risk.

These risk areas are provided here to assist investors to understand better the nature of the risks faced by our Group and the industry in which we operate. This is not necessarily an exhaustive list.

The Board received regular reports on progress in addressing and management of the key risks associated with the Group's business. The Board has the right to appoint external professional advisers to carryout regular investigations into control mechanisms, and report their findings, including

Directors' Report

recommendations for improvement to controls, processes and procedures to the Board. A copy of the Company's risk management policy is contained in Annexure 4 of the Company's Corporate Governance Statement, a copy of which is available on request from the Company's registered office.

REMUNERATION REPORT (Audited)

This report outlines the remuneration arrangements in place for Directors and key management personnel of the Group for Financial Year 2018. The remuneration report is set out under the following main headings:

A. Principles used to determine the nature and amount of remuneration
B. Details of remuneration
C. Service agreements
D. Share-based compensation
E. Other Information

These disclosures have been audited, as required by section 308(3c) of the Corporations Act 2001.

Role of the remuneration committee

Currently the role of the Remuneration Committee is undertaken by the Board given the number of directors and the nature and size of the Company. Its role is to make recommendations on:

- non-executive director fees
- executive remuneration (directors and other executives), and
- the over-arching executive remuneration framework and incentive plan policies.

Their objective is to ensure that remuneration policies and structures are fair and competitive and aligned with the long-term interests of the Company. In doing this, the remuneration committee seeks advice from independent remuneration consultants.

The Corporate Governance Statement provides further information on the role of this committee.

Principles used to determine the nature and amount of remuneration

The performance of the Group depends on the quality of its Directors and executives.

To prosper, the Group must attract, motivate and retain highly skilled Directors and executives. To this end, the Group embodies the following principles in its remuneration framework:

- provide competitive rewards to attract high calibre executives;
- link executive rewards to shareholder value;
- ensure that a significant portion of executive remuneration is 'at risk', and therefore dependent on meeting pre-determined performance benchmarks; and
- establish appropriate performance hurdles in relation to variable executive remuneration.

The Board of Directors assesses the appropriateness of the nature and amount of remuneration of Directors and senior managers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high-quality Board and executive team. Currently the Board has determined that Directors and senior managers will be remunerated at fixed rates per month to enable the Group to have control of its costs and cash flows. Upon improvement in economic conditions and Group performance the

Directors' Report

Directors will reintroduce remuneration policies which place a significant portion of executive remuneration 'at risk'.

Remuneration structure

In accordance with the corporate governance principles and recommendation, the structure of Non-Executive Director and senior manager remuneration is separate and distinct.

Non-executive director remuneration

Objective

The Board seeks to set aggregate remuneration at a level that provides the Group with the ability to attract and retain Directors of the highest calibre, while incurring costs that are acceptable to shareholders.

Structure

Each Non-Executive Director receives a fixed fee for being a Director of the Group.

The constitution and the ASX Listing Rules specify that the maximum aggregate remuneration of Non-Executive Directors shall be determined from time to time by a general meeting of shareholders. At the general meeting of shareholders held on 27 November 2009, this maximum amount was set at $350,000 per annum. In 2018, the Group had one Non-Executive Director, Mr Xipeng Li, and a total of $Nil (2017: $Nil) including superannuation was paid. Previously Mr Wilton Yao was considered a non-executive director, but he has taken on the role of managing the trading goods part of the business and is therefore now an executive director.

The amount of aggregate remuneration sought to be approved by shareholders and the fixed fees paid to Directors are reviewed annually. The Board considers fees paid to Non-Executive Directors of comparable companies when undertaking the annual review process.

Executive remuneration

Objective

The Group aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the Group and so as to:

- reward executives for group and individual performance against targets set by reference to appropriate benchmarks;
- align the interests of executives with those of shareholders;
- link reward with the strategic goals and performance of the Group; and
- ensure total remuneration is competitive by market standards.

There are currently no full-time executives of the Company and the remainder of this policy reflects the current policy, however, when the financial situation of the Company changes in the future and full-time executives are appointed then this policy will be reviewed and updated to incorporate appropriate market conditions prevailing at that time.

Directors' Report

Structure

A policy of the Board is to establish employment or consulting contracts with the chairman, chief executive officer and other senior executives. At the time of this report there is a consulting agreement with Anthony Crimmins.

Remuneration consists of fixed remuneration under an employment or consultancy agreement and long-term equity-based incentives that are subject to satisfaction of performance conditions. The equity-based incentives are intended to retain key executives and reward performance against agreed performance objectives.

Fixed remuneration

The level of fixed remuneration is set so as to provide a base level of remuneration that is both appropriate to the position and competitive in the market.

Fixed remuneration is reviewed annually by the Board and the process consists of a review of group-wide and individual performance, relevant comparative remuneration in the market, and internal and (where appropriate) external advice on policies and practices.

Senior managers are given the opportunity to receive their fixed (primary) remuneration in a variety of forms including cash and expense payment plans, such that the manner of payment chosen is optimal for the recipient without creating additional cost for the Group.

Remuneration Policy and Performance

As the Company does not have any full-time executives at this time the Company has not established or agreed upon remuneration policies applicable to the CEO, general manager and other senior personnel of the Company in relation to KPI's and extent of remuneration which is 'at risk'. The Company will establish suitable policies upon the appointment of these senior executives.

Voting and comments made at the Company's last Annual General Meeting

The Remuneration Report was passed unanimously on a show of hands at the 2015 & 2016 Annual General Meetings. The Company did not receive any feedback on the Report during this meeting.

Relationship between remuneration policy and company performance

Information is provided below in relation to revenue, profitability and share price for the past 5 years. The Company does not currently have any full-time executives and therefore there is no comparative remuneration information and how it relates to the performance of the company. The Executive Chairman's contract is a fixed fee per month and does not provide for any incentive performance payments.

Directors' Report

	2018	2017	2016	2015	2014
	$	**$**	**$**	**$**	**$**
Revenue	**2,316,886**	**9,826,738**	**967,052**	**32,851**	**572,421**
Net loss	**(1,268,891)**	**(406,025)**	**(1,978,817)**	**(1,127,373)**	**(3,040,654)**
Share price	**0.06**	**0.014**	**0.01**	**0.019**	**0.018**

The Company is currently reviewing its remuneration policies as indicated above.

B – Details of remuneration

Details of the remuneration of the Directors and other key management personnel (as defined in AASB 124 Related Party Disclosures) of Jatenergy Limited are set out in the following tables. Key management personnel for the year ended 30 June 2018 include Anthony Crimmins and Wilton Yao. Mr Crimmins and Mr Yao have contracts currently in place for the Group.

Name	**Cash salary and fees**	**Total**	**Performance related**
2018	$	$	%
Non-executive directors			-
Xipeng Li	-	-	-
Total non-executive directors	-	-	-
Executives directors			
Anthony Crimmins	208,000	208,000	-
Wilton Yao	256,000	256,000	-
Total executive directors	**464,000**	**464,000**	**-**
Total	**464,000**	**464,000**	**-**

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Name	Cash salary and fees	Total	Performance related
2017	$	$	%
Non-executive directors			
Xipeng Li	-	-	-
Total non-executive directors	**-**	**-**	
Executives			
Anthony Crimmins	60,000	60,000	-
Wilton Yao	144,000	144,000	
Total executive directors & key management	**204,000**	**204,000**	**-**
Total	**204,000**	**204,000**	**-**

C. Service Agreements

The Chairman is employed under a consulting and employment services contract. The major provisions of the agreement relating to remuneration are set out below:

Name	Terms of agreement	Notice period
Anthony Crimmins	- Contract dated 1 Jan 2017 for $5,500/mth (incl GST) - Contract dated 1 Oct 2017 for $8,000/mth (ex GST) - Contract dated 1 Mar 2018 for $11,000/mth (ex GST) subsequently increased to $14,000/mth (ex GST) effective from April 2018 by Board Resolution. Plus $100,000 (ex GST) for bringing in a business by acquisition into JAT. 12 month term to 28 Feb 2019	No notice period stipulated other than consultant to provide minimum 7 days written notice to the company
Wilton Yao	- Contract dated 1 July 2017 for $13,200/mth (incl GST) - Contract dated 1 Mar 2018 for $15,000/mth (ex GST) Plus $100,000 (ex GST) for bringing in a business by acquisition into JAT. 12 month term to 28 Feb 2019	No notice period stipulated other than consultant to provide minimum 7 days written notice to the company

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Description of options/rights issued and remuneration

D. Share-based compensation

Details of the options granted as remuneration in prior years to key management personnel are shown below

Share holdings of key management personnel and Directors

	Balance at the start of the year	Other changes during the year (1)	Balance at the end of the year
Directors and key management personnel of Jatenergy Limited ordinary shares	**No**	**No**	**No**
2018			
Xipeng Li	13,411,222	67,777,777	81,188,999
Anthony Crimmins	38,367,568	1,111,014	39,478,582
Wilton Yao	17,700,000	1,111,111	18,811,111
2017			
Xipeng Li	13,411,222	-	13,411,222
Anthony Crimmins	28,958,849	9,408,719	38,367,568
Wilton Yao	3,500,000	14,200,000	17,700,000

(1) – Other changes represent issues of shares under the share purchase plans of December 2018 and January 2018, market sale of March 2018 and a placement approved at shareholders meeting in May 2018.

Director and executive options

No options were granted as remuneration in the financial year ended 30 June 2018, or the year ended 30 June 2017.

There were no Options held by key management personnel in 2018 (2017 :- nil)

Directors' Report

Options on issue

At the date of this report, there were no options on issue.

There have been no unissued shares or interests under option of any controlled entity within the Group during or since reporting date.

During the year ended 30 June 2018, no ordinary shares of Jatenergy Limited were issued on the exercise of options granted. No further shares have been issued since year end. No amounts are unpaid on any of the shares.

E. Other Information

There were no loans to Directors or executives during or since the end of the year. There were no loans to Directors or executives during the prior year.

END OF REMUNERATION REPORT

Indemnification of officers and auditors

During the financial year, the Group paid premiums to insure the Directors and officers of the Group.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity of officers of the Group and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for them or someone else or to cause detriment to the Company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities. No insurance or indemnification has been given to the auditors.

The Group has entered into Deeds of Indemnity, Insurance and Access with each of the Directors and the Company Secretary. Each deed provides officers with the following:

- a right to access certain Board papers of the Group during the period of their tenure and for a period of seven years after that tenure ends;
- subject to the Corporations Act an indemnity in respect of liability to persons other than the Group and its related bodies corporate that they may incur while acting in their capacity as an officer of the Group or a related body corporate, except where that liability involves a lack of good faith and for defending certain legal proceedings; and
- the requirement that the Group maintain appropriate Directors and officers insurance for the officer.

No liability has arisen under these indemnities as at the date of this report.

The Group has not, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify any current or former officer of the Group against a liability incurred as such by an officer.

Directors' Report

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the Corporations act 2001 for leave to bring proceedings on behalf of the Group, or to intervene in any proceedings to which the Group is a party, for the purpose of taking responsibility on behalf of the Group for all or part of those proceedings.

There are no other proceedings have been brought or intervened in on behalf of the Group with leave of the Court under section 237 of the Corporations Act 2001.

Environmental Issues

The Group is not subject to any environmental laws in the Commonwealth or States or Territories of Australia. The Group complies with the licence conditions for its coal licences in Indonesia.

Non-audit services

The Group may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Group and/or the Company are important.

Details of the amounts paid or payable to the auditor (Hall Chadwick) for audit and non-audit services provided during the year are set out below.

The Board has considered the position and in accordance with the advice received from the audit committee is satisfied that the provision of the non-audit service is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The Directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- All non-audit services have been reviewed by the audit committee to ensure they do not impact the impartiality and objectivity of the auditor.
- None of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of ethics for Professional Accountants.

During the year the following fees were paid or payable for services provided by the auditor of the group, its related practices and non-related audit firms:

Directors' Report

	Consolidated	Consolidated
	2018	2017
	$	$
(a) Assurance services		
Audit services – Hall Chadwick		
Audit or review of financial reports	26,098	26,000
Other Services	-	-
Total remuneration for audit services	26,098	26,000

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 page 21.

This report is made in accordance with a resolution of the Board of Directors:

Director

Anthony Crimmins

Dated this 9th day of October 2018

HALL CHADWICK (NSW)
Chartered Accountants and Business Advisers

SYDNEY
Level 40
2 Park Street
Sydney NSW 2000
Australia

GPO Box 3555
Sydney NSW 2001

Ph: (612) 9263 2600
Fx : (612) 9263 2800

JATENERGY LIMITED
ABN 31 122 826 242

AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF JATENERGY LIMITED

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2018 there have been no contraventions of:

(i) the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Hall Chadwick

Hall Chadwick
Level 40, 2 Park Street
Sydney NSW 2000

GRAHAM WEBB
Partner
Date: 9 October 2018

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2018

	Note	Consolidated Entity 2018 $	2017 $
Revenue	5	**2,316,886**	9,779,004
Cost of goods Sold		**(2,232,836)**	(9,570,847)
Gross Profit		**84,050**	208,157
Other Revenue	5	**86,817**	47,734
Advertising & marketing expenses		**(83,534)**	-
Compliance costs		**(137,693)**	(39,848)
Consultancy & professional fees		**(335,000)**	(209,162)
Depreciation expense		**-**	(13,718)
Directors' fees		**(464,000)**	(119,500)
Employee benefits expenses		**(157,402)**	272
Finance costs		**(634)**	(3,659)
Insurance expense		**(23,619)**	(31,241)
Loss on foreign exchange		**(26,792)**	-
Occupancy expenses		**(83,957)**	(60,577)
Other expenses		**(84,667)**	(63,434)
Share based payments		**-**	(109,500)
Travel expenses		**(42,460)**	(11,549)
Loss before income tax	6	**(1,268,891)**	(406,025)
Income tax expense	7	**-**	-
Loss for the year		**(1,268,891)**	(406,025)
Other Comprehensive Income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		**-**	-
Total comprehensive loss for the year		**(1,268,891)**	(406,025)
Loss attributable to:			
- Members of parent entity		**(1,221,111)**	(406,004)
- Non-controlling interest		**(47,780)**	(21)
		(1,268,891)	(406,025)
Loss per share for loss attributable to the ordinary equity holders of the company:		**Cents**	**Cents**
Basic loss per share	25	**(0.4)**	(0.2)
Diluted loss per share	25	**(0.4)**	(0.2)

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

Consolidated Statement of Financial Position

As at 30 June 2018

Consolidated Entitv		**2018**	**2017**
	Note	**$**	**$**
Assets			
Current assets			
Cash and cash equivalents	8	**4,218,478**	98,968
Trade and other receivables	9	**2,966,354**	82,796
Financial Assets	10	**400,000**	-
Total current assets		**7,584,832**	181,764
Non-current assets			
Intangible Assets	11	**24,072,574**	-
Total non-current assets		**24,072,574**	-
Total assets		**31,657,406**	181,764
Liabilities			
Current liabilities			
Trade and other payables	12	**231,712**	53,113
Total current liabilities		**231,712**	53,113
Non-Current liabilities			
Borrowings	13	**1,274,000**	-
Provisions	14	**2,568,933**	-
Deferred Tax Liabilities	15	**408,000**	-
Total non-current liabilities		**4,250,933**	-
Total liabilities		**4,482,645**	53,113
Net assets		**27,174,761**	128,651
Equity			
Contributed equity	16	**45,216,805**	28,497,444
Accumulated losses		**(30,470,624)**	(29,249,513)
Total Parent Entity		**14,746,181**	(752,069)
Non-controlling interests		**12,428,580**	880,720
Total equity		**27,174,761**	128,651

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

Consolidated Statement of Changes in Equity

For the year ended 30 June 2018

	Contributed Equity	Non-Controlling Interest	Accumulated Losses	Total
	$	$	$	$
Balance at 1 July 2016	**27,981,593**	**880,741**	**(28,843,509)**	**18,825**
Loss for the year	-	(21)	(406,004)	(406,025)
Total comprehensive income	**-**	**(21)**	**(406,004)**	**(406,025)**
Issue of Capital	515,851	-	-	515,851
Transaction with owners	**515,851**	**-**	**-**	**515,851**
Balance at 30 June 2017	**28,497,444**	**880,720**	**(29,249,513)**	**128,651**

	Contributed Equity	Non-Controlling Interest	Accumulated Losses	Total
Balance at 1 July 2017	**28,497,444**	**880,720**	**(29,249,513)**	**128,651**
Loss for the year	-	(47,780)	(1,221,111)	(1,268,891)
Total comprehensive income	**-**	(47,780)	(1,221,111)	(1,268,891)
Issue of Capital	16,719,361	-	-	16,719,361
Recognition of Non-Controlling Interests	-	11,595,640	-	11,595,640
Transaction with owners	**16,719,361**	**11,595,640**	**-**	**28,315,001**
Balance at 30 June 2018	**45,216,805**	**12,428,580**	**(30,470,624)**	**27,174,761**

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

Consolidated Statement of Cashflows

For the year ended 30 June 2018

Consolidated Entity

	Note	2018 $	2017 $
Cash flows from operating activities			
Receipts from customers		**2,107,924**	10,093,454
Payments to suppliers and employees		**(3,667,957)**	(10,587,312)
Interest received		**3,175**	1,218
Interest paid		**(634)**	-
Rental income		**60,027**	41,577
Other income		**23,614**	4,939
Net cash outflow from operating activities	24	**(1,473,851)**	(446,124)
Cash flows from investing activities			
Deposits paid		**(2,900,000)**	-
Payments for plant & equipment		**-**	(8,255)
Payment for the acquisition of controlled entity		**(2,000,000)**	-
Net cash inflow/(outflow) from investing activities		**(4,900,000)**	(8,255)
Cash flows from financing activities			
Proceeds from borrowings		**1,274,000**	-
Proceeds from issues of shares		**3,030,212**	318,352
Proceeds from issue of convertible notes		**6,189,149**	-
Net cash inflow from financing activities		**10,493,361**	318,352
Net Increase/(decrease) in cash and cash equivalents		**4,119,510**	(136,027)
Cash and cash equivalents at the beginning of the financial year		**98,968**	235,040
Effect of exchange on cash holdings in foreign currencies		**-**	(45)
Cash and cash equivalents at end of year	8	**4,218,478**	98,968

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

Notes to Financial Statements

For the year ended 30 June 2018

This financial report covers the consolidated entity consisting of Jatenergy Limited and its controlled entities.

Subsidiaries are all those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompany a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

The financial report is presented in Australian currency.

Jatenergy Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Unit 23, 376 – 380 Eastern Valley Way
Chatswood NSW 2067

The financial report was authorised for issue by the Directors on 9 October 2018. The Company has the power to amend and reissue the financial report.

Through the use of the internet, we have ensured that our corporate reporting is timely and complete. All press releases, financial reports and other information are available on our website: www.jatenergy.com.

1. Summary of significant accounting policies

Basis of preparation

These general purpose financial statements have been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Notes to Financial Statements

For the year ended 30 June 2018

1. Summary of significant accounting policies (Cont.)

(a) Principles of consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent, JAT Energy Limited and all of the subsidiaries. Subsidiaries are entities the parent controls. The parent controls an entity when it 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 over the entity. A list of the subsidiaries is provided in Note 22.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as "non-controlling interests". The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of profit or loss and comprehensive income.

(b) Going concern basis of accounting

The financial statements have been prepared on a going concern basis. The Group has incurred an operating loss for the year of $1,268,891 (2017: $406,025) and has negative cash flows from operating activities for the year of $1,473,851 (2017: $446,124). The Company raised equity of $16,719,361 throughout the year. The Directors are managing the Company's cash flows carefully to meet its operational commitments. The Directors intend to fund the Company activities from future sales of its trading business and further capital raisings as and when required. Therefore, the Directors consider that the going concern basis is appropriate. Should the Group be unable to raise further funds or continue its trading activities profitably then there will be a material uncertainty over the ongoing viability of the Company.

(c) Revenue and other income

Interest income is recognised on a time proportion basis using the effective interest method.

Revenue from the sale of fast moving consumer goods ("trading income") is recognised when the significant risks and rewards of ownership of the goods have passed from the buyer to the seller.

Notes to Financial Statements

For the year ended 30 June 2018

1. Summary of significant accounting policies (Cont.)

(d) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

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.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

(e) Leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(f) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

(g) Business combinations

Business combinations occur where an acquirer obtains control over one or more businesses.

Notes to Financial Statements

For the year ended 30 June 2018

1. Summary of significant accounting policies (Cont.)

A business combinations is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is obtained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured in each reporting period to fair value, recognising any change to fair value in profits or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to business combinations, other than those associated with the issue of a financial instrument, are recognised as expenses in profit or loss when incurred.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

(h) Intangibles assets

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is calculated as the excess of the sum of:

(i) The consideration transferred;
(ii) Any non-controlling interest (determined under either the full goodwill or proportionate interest method); and
(iii) The acquisition date fair value of any previously held equity interest';

over the acquisition date fair value of any identifiable assets acquired and liabilities assumed.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, Any difference between the amount by which the noncontrolling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received

Notes to Financial Statements

For the year ended 30 June 2018

1. Summary of significant accounting policies (Cont.)

and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests .All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (I.e. reclassified to profit lo loss or transferred to another category of equity as specified/permitted by applicable Accounting Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 139: Financial Instruments: Recognition and Measurement, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

The amount of goodwill recognised on acquisition of each subsidiary in which the Group holds less than 100% interest will depend on the method adopted in measuring the non-controlling interest. The Group can elect in most circumstances to measure the non-controlling interest in the acquire either at fair value (full goodwill method) or at the non-controlling interest's proportionate share of the subsidiary's identifiable net assets (proportionate interest method). In such circumstances, the Group determines which method to adopt for each acquisition and this is stated in the respective note to the financial statements disclosing the business combination.

Under the full goodwill method, the fair value of the non-controlling interest is determined using valuation techniques which make the maximum use of market information where available.

Goodwill on acquisition of subsidiaries is included in intangible assets.

Goodwill is tested for impairment annually and is allocated to the Group's cash-generating units or groups of cash-generating units. Representing the lowest level at which goodwill is monitored and not larger than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity disposed of.

Changes in the ownership interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions and do not affect the carrying amounts of goodwill.

Tradenames acquired are initially recognised at cost and are subsequently carried at cost less accumulated impairment losses. Tradenames are considered to have an infinite life.

(i) Impairment of non-financial assets

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's

Notes to Financial Statements

For the year ended 30 June 2018

1. Summary of significant accounting policies (Cont.)

fair value less costs to sell and value in use, to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of profit or loss.Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

(j) 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, and bank overdrafts.

(k) Financial instruments

Recognition and initial measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs.

Classification and subsequent measurement

Finance instruments are subsequently measured at either of fair value, amortised cost using the effective interest rate method, or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

(i) the amount at which the financial asset or financial liability is measured at initial recognition;
(ii) less principal repayments;
(iii) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and
(iv) less any reduction for impairment.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability.

Notes to Financial Statements

For the year ended 30 June 2018

1. Summary of significant accounting policies (Cont.)

Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

The Group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

(i) Loans and receivables:

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, as they are expected to mature within 12 months after the end of the reporting period.

(ii) Financial liabilities:

Non-derivative financial liabilities are subsequently measured at amortised cost.

Impairment

At the end of each reporting period, the Group assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the statement of profit or loss.

De-recognition

Financial assets are de-recognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are de-recognised where the related obligations are discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(I) Plant and equipment

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Depreciation on assets is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives.

Notes to Financial Statements

For the year ended 30 June 2018

1. Summary of significant accounting policies (Cont.)

The depreciation rates used for each class of depreciable assets are:

- Furniture, fittings and office equipment 20-33%

The asset's residual values and useful lives are reviewed and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1(h)).

Gains and losses on disposal are determined by comparing proceeds with carrying amount. These are included in the statement of profit or loss.

(m) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is Jatenergy Limited's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss, except when they are attributable to part of the next investment in foreign operation.

Translation differences on financial assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in statement of profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available-for-sale financial assets are included in the fair value reserve in other comprehensive income.

Notes to Financial Statements

For the year ended 30 June 2018

1. Summary of significant accounting policies (Cont.)

(iii) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable

  approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange differences are recognised in the statement of profit or loss, as part of the gain or loss on sale where applicable.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entities and translated at the closing rate.

(n) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of 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 taxation authority is included with other receivables or 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 taxation authority, are presented as operating cash flow.

Notes to Financial Statements

For the year ended 30 June 2018

1. Summary of significant accounting policies (Cont.)

(o) New accounting standards and Australian accounting interpretations

Accounting Standards issued by the AASB that are not yet mandatorily applicable to the Group, together with an assessment of the potential impact of such pronouncements on the Group when adopted in future periods, are discussed

(i) AASB 9*: Financial Instruments* and associated Amending Standards (applicable to annual reporting periods beginning on or after 1 January 2018).

The Standard will be applicable retrospectively (subject to the provisions on hedge accounting outlined below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

The key changes that may affect the Group on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, upfront accounting for expected credit loss, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items. Should the entity elect to change its hedge policies in line with the new hedge accounting requirements of the Standard, the application of such accounting would be largely prospective.

The directors have assessed that the adoption of AASB 9 will not have a significant impact on the Group's financial instruments.

(ii) AASB 15: *Revenue from Contracts with Customers* (applicable to annual reporting periods beginning on or after 1 January 2018, as deferred by AASB 2015-8: *Amendments to Australian Accounting Standards – Effective Date of AASB 15*).

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

Notes to Financial Statements

For the year ended 30 June 2018

1. Summary of significant accounting policies (Cont.)

The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process

- identify the contract(s) with a customer;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract(s); and
- recognise revenue when (or as) the performance obligations are satisfied.

The transitional provisions of this Standard permit an entity to either: restate the contracts that existed in each prior period presented per AASB 108: *Accounting Policies, Changes in Accounting Estimates and Errors* (subject to certain practical expedients in AASB 15); or recognise the cumulative effect of retrospective application to incomplete contracts on the date of initial application. There are also enhanced disclosure requirements regarding revenue.

The directors have assessed that the adoption of AASB 15 will not have a significant impact on the Group's financial statements.

(iii) AASB 16: *Leases* (applicable to annual reporting periods beginning on or after 1 January 2019).

When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: *Leases* and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

The main changes introduced by the new Standard include:

- recognition of a right-to-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
- depreciation of right-to-use assets in line with AASB 116: *Property, Plant and Equipment* in profit or loss and unwinding of the liability in principal and interest components;
- variable lease payments that depend on an index or a rate are included in the initial measurement of the lease liability using the index or rate at the commencement date;
- by applying a practical expedient, a lessee is permitted to elect not to separate non-lease components and instead account for all components as a lease; and
- additional disclosure requirements.

Notes to Financial Statements

For the year ended 30 June 2018

1. Summary of significant accounting policies (Cont.)

The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108 or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

The directors have assessed that the adoption of AASB 16 will not have a significant impact on the Group's financial statements, particularly as the company does not have any operating leases.

2 Financial risk management

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limited and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Group's activities expose it to a limited number of financial risks as described below. The Group's overall risk management program seeks to minimise potential adverse effects on the financial performance of the Group. To date, the Group has not had the need to utilise derivative financial instruments such as foreign exchange contracts or interest rate swaps to manage any risk exposure identified. The Group holds the following financial instruments.

		Consolidated Entity	
		2018	**2017**
	Note	**$**	**$**
Financial assets			
Cash and cash equivalents	8	**4,218,478**	98,968
Trade and other receivables	9	**2,966,354**	82,796
Financial assets	10	**400,000**	-
Total		**7,584,832**	181,764
Financial liabilities			
Trade and other payables	12	**231,712**	53,113
Borrowings	13	**1,274,000**	-
Total		**1,505,712**	53,113

Notes to Financial Statements

For the year ended 30 June 2018

2 Financial risk management (Cont.)

Specific financial risk exposures and management

The main risks the Group is exposed to through its financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk.

(a) Interest rate risk

The Group's main interest exposure arises from cash at bank and bank term deposits as at the reporting date, the Group had the following cash profile.

	Consolidated Entity	
	2018	**2017**
	$	**$**
Cash at bank and in hand	4,218,478	98,968
Term deposit	-	-
Total	4,218,478	98,968

The Group's main interest rate risk arises from cash and cash equivalents. The bank term deposit has an interest rate which is fixed for the term of the investment and the bank accounts have a floating interest rate.

No interest is payable on short term borrowings of $1,274,000.

(b) Foreign exchange risk

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency. The risk is measured using cash flow forecasting. The Groups exposure to foreign currency risk relates to investments in overseas entities which are denominated in foreign currency with future investments dependent on achievement of milestones agreed.

The Group maintains two foreign currency (United States dollars) bank accounts in Australia to control currency risk. The balances of these accounts at 30 June 2018 totalled nil (2017: USD$1,248). The Group no longer operates internationally and is no longer exposed to exchange risk arising from various currency exposure as all trading activities are conducted in Australian dollars.

Foreign exchange risk arises from future commercial transactions denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

Notes to Financial Statements

For the year ended 30 June 2018

2 Financial risk management (Cont.)

(c) Credit risk

Credit risk is managed on a group basis. Credit risk arises from cash and cash equivalents, deposits and banks as well credit exposure including outstanding receivables and committed transactions. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. In respect of the group, credit risk relates to loans with subsidiary and associated companies. In order to achieve stated corporate objectives, the parent entity provides financial support to subsidiary and associated companies, but only to the level which the

Board considers necessary to achieve these objectives and meets agreed conditions. Any loans to subsidiary and associated companies considered to be unrecoverable have been provided for.

(d) Liquidity risk

The Group maintains sufficient liquidity by holding cash in readily accessible accounts. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Group has no access to borrowing facilities at the reporting date. The Group's financial assets $7,649,812 and financial liabilities $1,505,712 have a maturity within 12 months of 30 June 2018.

(e) Fair value

The carrying amount of financial assets and liabilities recorded in the financial statements represents their respective net fair values unless otherwise noted, determined in accordance with the accounting policies disclosed in the Statement of Accounting Policies.

(f) Sensitivity analysis

The following table illustrates a sensitivity to the Group's exposure to changes in interest rates for 2018 and interest rates and exchange rates for 2017, when the Group included international operations. The table indicates the impact on how profit and equity values reported at reporting date would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. This sensitivity assumes that the movement in a particular variable is independent of other variables.

Notes to Financial Statements

For the year ended 30 June 2018

2 Financial risk management (Cont.)

	Consolidated Entity	
	Profit	**Equity**
	$	**$**
Year ended 30 June 2018		
+/-1% in interest rates	+/-12,039	+/-12,039
Year ended 30 June 2017		
+/-1% in interest rates	+/-990	+/-990

3 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Impairment of receivables/deposits
Impairment of receivables occurs when the Group believes it is unlikely that they will recover funds classified as receivables/deposits.

(ii) Goodwill and tradenames arsing on the acquisition of Golden Koala Pty Ltd
The directors believe that as at 30 June 2018, there is no indication of impairment given:

- the application process for CFDA is moving in accordance with initial expectations and approval is expected by December 2018; and
- Golden Koala Pty Ltd secured a distribution agreement with AustAgri Pty Limited for the next 5 years on 3 August 2018.

Notes to Financial Statements

For the year ended 30 June 2018

4 Segment information

The Company is now managed primarily on the basis as one entity and therefore Company's operating segment is determined on the same basis.

For reporting purposes, the entity now only operates in one geographical area, being Australia.

5 Revenue

	Consolidated Entity	
	2018	**2017**
	$	$
Revenue		
Trading Income	2,381,886	9,779,004
Total Revenue	**2,381,886**	**9,779,004**
Other Income		
Interest	3,175	1,218
Rental income	60,027	41,577
Miscellaneous Income	23,615	4,939
Total Other Income	**86,817**	**47,734**

6 Expenses

	Consolidated Entity	
	2018	2017
	$	$
Loss before income tax includes the following specific expenses:		
Depreciation of plant and equipment	-	13,728
Directors' fee	464,000	209,162
Finance costs	634	3,659
Consultancy & Professional Fees	335,000	209,162
Share based payment expense	-	109,500
Rental expense relating to operating lease	83,957	60,577

Notes to Financial Statements

For the year ended 30 June 2018

7 Income tax expense

	Consolidated Entity	
	2018	2017
	$	$
(a) Numerical reconciliation of income tax expense to prima facie tax payable		
Loss before income tax expense	(1,268,891)	(406,025)
Tax (benefits) at the Australian tax rate of 27.5%	(348,945)	(111,657)
Tax effect of amounts which are not deductible in calculating taxable income:	20,478	12,203
Tax effect of permanent difference	-	(4,230)
Adjusted income tax	(328,467)	(103,684)
Tax losses and timing differences not brought to account	328,467	103,684
Income tax expense	-	-

Tax losses		
Unused tax losses for the current year for which no deferred tax asset has been recognised	328,467	377,033
Unused tax losses carried forward from prior years for which no deferred tax asset has been recognised	10,395,134	10,018,101
Potential tax benefit at 27.5%	2,948,990	2,858,662

Utilisation of prior year tax losses are reliant on the Company meeting the prescribed tests under Division 105A of the Income Tax Assessment Act 1997.

Tax consolidation legislation

Jatenergy Limited has not formed a tax consolidated group.

Notes to Financial Statements

For the year ended 30 June 2018

8 Cash and cash equivalents

	Consolidated Entity	
	2018	**2017**
	$	**$**
Cash at bank and in hand	4,218,478	98,968
Total	**4,218,478**	**98,968**

(a) Interest rate risk

The Group's exposure to interest rate risk relates primarily to its cash balances. The Group's and the parent entity's exposure to interest rate risk is discussed in note 2.

9 Trade and other receivables

	Consolidated Entity	
	2018	**2017**
	$	**$**
Trade receivables	214,229	5,267
Prepayments	37,479	60,000
Deposit paid to Nutritional Choice Australia*	2,500,000	-
Other receivables	214,646	17,529
Total	**2,966,354**	**82,796**

* Being 51% of deposit paid to Nutritional Choice Australia for production of infant formula for Golden Koala.

	Gross Amount $000	Past Due and Impaired $000	Past Due but Not Impaired (Days Overdue) < 30 $000	31–60 $000	61–90 $000	> 90 $000	Within Initial Trade Terms $000
2018							
Trade and term receivables	214,229	-	-	2,130	-	-	212,099
Total	**214,229**	-	-	**2,130**	-	-	**212,099**
2017							
Trade and term receivables	5,267	-	-	-	-	-	5,267
Total	**5,267**	-	-	-	-	-	**5,267**

Notes to Financial Statements

For the year ended 30 June 2018

10 Financial Assets

	Consolidated Entity	
	2018	**2017**
	$	**$**
Deposit paid	400,000	-
Total	**400,000**	**-**

The deposit paid related to the acquisition of Sunnya Pty Ltd. This acquisition is expected to take place on 11 October 2018.

11 Intangibles

	Consolidated Entity	
	2018	**2017**
	$	**$**
Tradenames	1,360,000	-
Goodwill	22,712,574	
Total	**24,072,574**	**-**

Tradenames and goodwill recognised through acquisition of 51% ownership of Golden Koala Pty Ltd. Refer to note 22 (c) for acquisition details. The carrying value of goodwill and tradenames is assessed on the basis of fair value less costs to sell.

12 Trade and other payables

	Consolidated Entity	
	2018	**2017**
	$	**$**
Trade payables	231,712	53,113
Total	**231,712**	**53,113**

Trade payables are non-interest bearing. Their fair value approximates their carrying amount.

Notes to Financial Statements

For the year ended 30 June 2018

13 Borrowings

	Consolidated Entity	
	2018	**2017**
	$	**$**
Loan payable	1,274,000	-
Total	**1,274,000**	**-**

The loan is payable to the minority shareholder of Golden Koala Pty Ltd. There is no interest payable on this loan. The loan is for a 4 year term. No interest is payable on this loan.

14 Provisions

	Consolidated Entity	
	2018	**2017**
	$	**$**
Earnout Liabilities	2,568,933	-
Total	**2,568,933**	**-**

The earnout liabilities relate to the acquisition of Golden Koala. Refer to note 22 for details.

15 Deferred Tax Liabilities

	Consolidated Entity	
	2018	**2017**
	$	**$**
Deferred tax liabilities	408,000	-
Total	**408,000**	**-**

16 Contributed equity

		Consolidated Entity	
		2018	**2017**
	Notes	**$**	**$**
Share capital			
Ordinary Shares			
588,816,181 (2017: 219,161,351) Fully paid shares	(a)	45,216,805	28,497,444
Total Share Capital		**45,216,805**	**28,497,444**

(a) Movements in ordinary share capital

	2018 $	2017 $	2018 Number	2017 Number
At the beginning of the reporting period	28,497,444	27,981,592	219,161,351	172,262,035
Share issues during the year:				
30 December 2016 (Entitlement issue)		156,602		15,660,185
15 May 2017 (Share placement)		101,750		8,847,826
28 June 2017 (Share based payment)		197,500		17,173,913
28 June 2017 (Share placement)		60,000		5,217,392
Sep 2017 (Share placement)	120,000		10,000,000	
Nov 2017 (Share placement)	384,500		28,799,998	
Dec 2017 (Share placement)	644,450		42,963,333	
Dec 2017 (Share purchase plan)*	542,572		43,533,287	
Jan 2018 (Share placement)	1,000,000		66,666,666	
Apr 2018 (Acquisition of Golden Koala)	7,500,000		83,333,333	
Apr 2018 (Conversion of loan notes)	1,129,800		32,280,000	
May 2018 (Conversion of loan notes)	5,060,149		56,223,881	
May 2018 (Issue of shares to investors)	37,800		2,520,000	
May 2018 (Issue of shares to directors)	300,000		3,333,333	
May 2018 (Issue of shares per prospectus)	90		1,000	
Closing balance	**45,216,805**	**28,497,444**	**588,816,182**	**219,161,351**

* 7,361,900 ordinary fully paid shares were issued to shareholders on 11 December 2017 due to an error ("Error Shares"). No payment was received from shareholders towards these Error Shares. Subject to approval of shareholders of Jatengery Limited pursuant to section 257A of the Corporations Act, the shareholders have agreed to sell all of these shares and Jatenergy Limited has agreed to purchase all of these shares.

(b) Ordinary shares

The Company does not have a limited amount of authorised capital.

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held and do not have a par value.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

(c) Options

There are no director or executive options, on issue during or outstanding at year end.

(d) Capital risk management

The Group's and parent entity's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. There were no changes in the Group's approach to capital management during the year. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

Notes to Financial Statements

For the year ended 30 June 2018

17 Key management personnel disclosures

(a) Directors and key management personnel

The following persons were Directors of Jatenergy Limited during the financial year.

Chairman - executive
Anthony Crimmins (appointed 22 May 2012)

Executive director
Wilton Yao, Executive Director from 1 July 2015 responsible for trading activities

Non-executive directors
Xipeng Li, Non-Executive Director (appointed 15 April 2011)

Wilton Yao, Alternate Non-Executive Director for Mr Xipeng Li (appointed 15 April 2011) and Non-executive director appointed 26 November 2013 until 30 June 2015

(b) Other transactions with key management personnel

There were no other transactions with key management personnel during the financial year ended 30 June 2018 or 30 June 2017 otherwise than noted in the remuneration report.

	2018	2017
	$	$
Short term employee benefits	464,000	204,000
Total	**464,000**	**204,000**

Short-term employee benefits

These amounts include fees and benefits paid to the executive Chair, executive director and non-executive directors as well as all salary, paid leave benefits, fringe benefits and cash bonuses awarded to each KMP.

Notes to Financial Statements

For the year ended 30 June 2018

18 Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and a non-related audit firm.

	Consolidated Entity	
	2018	**2017**
	$	**$**
Hall Chadwick		
Audit or review of financial reports	26,098	26,000
Total remuneration for audit services	**26,098**	**26,000**
Other services	-	-
Total remuneration for assurance services	**26,098**	**26,000**

Hall Chadwick were appointed as the Group's auditors at the Annual General Meeting on 28 November 2014.

19 Contingencies

(a) Contingent liabilities

There are no contingent liabilities as at 30 June 2018.

20 Commitments

(a) Operating lease commitments

	Consolidated Entity	
	2018	**2017**
	$	**$**
Commitments for minimum lease payments in relation to operating leases contracted for the reporting date but not recognised as liabilities, payable:		
Within one year	-	78,185
	-	78,185

In 2017, the lease is a rental lease over the Sydney premises of Jatenergy Limited.

Notes to Financial Statements

For the year ended 30 June 2018

21 Related party transactions

(a) Parent entity

Jatenergy Limited is the ultimate parent entity within the Group.

(b) Subsidiaries

Interests in subsidiaries are set out in note 22.

(c) Key management personnel

The following amounts were paid/payable to related parties for the year ended 30 June 2018 or the year ended 30 June 2018.

	2018	2017
	$	$
Directors & consulting fees (inc GST) paid/payable to Top Cat Consulting Services Pty Ltd for the provision of the services of Anthony Crimmins	228,800	60,500
Directors & consulting fees (inc GST) paid/payable to J&Y Group Pty Ltd for the provision of the services of Wilton Yao	281,600	145,200

(d) Amounts receivable or payable to related parties

The following amounts were payable to related parties for the year ended 30 June 2018 or the year ended 30 June 2017.

	Consolidated Entity	
	2018	2017
	$	$
Fees invoiced to Jatenergy Limited receivable from Abundant Seeds Pty Ltd, a company controlled by Anthony Crimmins, a director at year end	1,065	-
Fees invoiced to Jatenergy Limited receivable from Abundant Natural Health Pty Ltd, a company controlled by Anthony Crimmins, a director at year end	1,065	-
Fees invoiced to Jatenergy Limited payable from Abundant Produced Limited, a company controlled by Anthony Crimmins, a director at year end	44,334	-
Fees invoiced to Jatenergy Limited payable from Abundant Produced Limited, a company controlled by Anthony Crimmins, a director at year end	15,618	-
Fees invoiced to Jatenergy Limited payable to a company controlled by Wilton Yao, a director at year end	-	2,200

Notes to Financial Statements

For the year ended 30 June 2018

21 Related party transactions (Cont.)

(e) Transactions with related parties

The following transactions occurred with related parties:

	Consolidated Entity	
	2018	**2017**
	$	**$**
Ecomag Limited, a company in which Anthony Crimmins is a director, paid rent to Jatenergy during the period	36,379	16,334
Ecomag Limited, a company in which Anthony Crimmins is a director, received rent from Jatenergy during the period	75,201	-
Top Cat consulting Services Pty Ltd, a company controlled by Anthony Crimmins, a director, received payment for expenses incurred during the period	4,236	1,676
Abundant Produce Limited a company of which Anthony Crimmins is a director, paid rent to Jatenergy during the period	10,650	1,065
Abundant Seeds Pty Ltd, a company of which Anthony Crimmins is a director, paid rent to Jatenergy Limited during the period	13,708	35,356
Abundant Natural Health Pty Ltd, a company of which Anthony Crimmins is a director paid rent to Jatenergy Limited during the period	11,715	1,065
Jatenergy Limited paid Abundant Natural Health Pty Ltd, a company of which Anthony Crimmins is a director during the period	165,220	66,000
J&Y Group Pty Ltd, a company controlled by Wilton Yao, a director, received payment for expenses incurred during the period	-	6,831
J&Y Group Pty Ltd, a company controlled by Wilton Yao, a director, received payment for administration and accounting services provided during the period	9,761	11,753
TAT Commercial Property Pty Ltd, a company of which Anthony Crimmins is a director was paid rent by Jatenergy Limited	71,670	7,167

Notes to Financial Statements

For the year ended 30 June 2018

22 Controlled Entities

(a) Controlled Entities Consolidated

Subsidiaries of Jatenergy Limited	Country of incorporation / Place of Business	Percentage Owned (%)*		Percentage Owned by Non-Controlling Interest (%)*	
		2018	2017	2018	2017
		%	%	%	%
Golden Koala Pty Limited	Australia	51	-	49	-
Jatenergy Developments Pty Limited	Australia	75	75	-	25
Aus Jat Pty Ltd (1)	Australia	-	100	-	-
Blackrock Resources Pty Ltd (1)	Australia	-	100	-	-

* Percentage of voting power is in proportion to ownership

Aus Jat Pty Ltd and Blackrock Resources had been deregistered during the year.

(b) Non -controlling interests

Material Non-Controlling Interests are in relation to Jatenergy Developments Pty Limited

Significant balances of Golden Koala Pty Limited (entity with a material 49% non-controlling interest) are as follows:

	Consolidated Entity	
	2018	**2017**
	$	**$**
Revenue	-	-
Loss for the year	(86,286)	-
Current Assets	37,496	-
Non-Current Assets	2,500,000	-
Total Assets	2,537,496	-
Current Liabilities	1,348,782	-
Non-Current Liabilities	1,275,000	-
Total Liabilities	2,623,782	-
Net Liabilities	(86,286)	-

Notes to Financial Statements

For the year ended 30 June 2018

22 Controlled Entities (Cont.)

Significant balances of Jatenergy Developments Pty Limited (entity with a material 25% non-controlling interest) are as follows:

	Consolidated Entity	
	2018	**2017**
	$	**$**
Revenue	-	-
Loss for the year	(22,000)	(86)
Current Assets	14,427	14,747
Non-current Assets	508,132	508,132
Total Assets	522,559	522,879
Current Liabilities	21,672	-
Total Liabilities	21,672	-
Net Assets	500,887	522,879

(c) Acquisition of Entities

A 51% ownership of Golden Koala Pty Ltd was acquired during the year. Details of the transactions are:

Purchase consideration	
Consisiting of	
- Cash consideration	2,000,000
- 83,333,333 Shares in Jatenergy Limited	7,500,000
- Contingent consideration	2,568,933
Total Consideration	**12,068,933**
Cash consideration	2,000,000
Amounts due under the contract of sale	-
Cash outflow	**2,000,000**

Notes to Financial Statements

For the year ended 30 June 2018

22 Controlled Entities (Cont.)

Assets and liabilities held at acquisition date	
Brand names	1,360,000
Deferred tax liabilities	(408,000)
Net Identifiable Assets Acquired	**952,000**
Goodwill on consolidation	22,712,574
Non-controlling equity interest in acquisition	(11,595,641)
Net Assets Acquired	**12,068,933**

The high portion of goodwill recognised in the transaction is representative of substantial growth expected for Golden Koala once the CFDA approval is received driven by strong interest in the brand from key markets.

23 Events occurring after the reporting date

On 18 July 2018, at an EGM, the company approved the issue of various shares including those to satisfy the acquisition of Green Forrest Pty Ltd. These were issued on 10th August 2018.

On 27 July 2018 the company announced that Mr Xipeng Li was to become Non-Executive Chairman of the company. Anthony Crimmins will move from his role as Chairman to Managing Director.

On 3 August 2018, Golden Koala Pty Ltd entered into a 5-year, $98 million distribution agreement with AustAgri Pty Limited to sell Golden Koala' Chinese language packaged Premium Range Infant Formula in mainland China, Hong Kong, Macau and Taiwan, as well as via e-commerce platforms. On 28 September 2018, this agreement was mutually terminated for renegotiation for more favourable terms for Golden Koala Pty Ltd.

Apart the above there have been no other matters have arisen since 30 June 2018 that have significantly affected, or may significantly affect:

(i) the Company's operations in future financial years; or
(ii) the results of those operations in future financial years; or
(iii) the Company's state of affairs in future financial years.

Notes to Financial Statements

For the year ended 30 June 2018

24 Reconciliation of loss after income tax to net cash outflow from operating activities

	Consolidated Entity	
	2018	**2017**
	$	**$**
Loss for the year including income tax	(1,268,891)	(406,025)
Depreciation	-	7,844
Loss on disposal of assets	-	5,874
Share based payment expense	-	109,500
Change in operating assets and liabilities:		
(Increase)/decrease in trade and other receivables	(383,558)	274,204
(Decrease)/increase in trade and other payables	178,599	(437,521)
Net cash outflow from operating activities	**(1,473,850)**	**(446,124)**

25 Loss per share

	Consolidated Entity	
	2018	**2017**
	cents	**cents**
(a) Basic and diluted loss per share		
Basic loss attributable to the ordinary equity holders of the Company	(0.4)	(0.2)
Diluted loss attributable to the ordinary equity holders of the Company	(0.4)	(0.2)
(b) Loss used in calculating basic and diluted loss per share	(1,268,891)	(406,025)
(c) Weighted average number of shares used as the denominator		
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share.	358,083,512	181,308,436
Weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share.	358,083,512	181,308,436

Notes to Financial Statements

For the year ended 30 June 2018

26 JAT Energy Limited - Parent Company Information

	Consolidated Entity	
	2018	**2017**
	$	**$**
Parent Entity		
Assets		
Current assets	5,907,909	167,017
Non-current assets	12,468,932	-
Total assets	**18,376,841**	**167,017**
Liabilities		
Current liabilities	643,381	561,245
Non-current liabilities	2,568,933	
Total liabilities	**3,212,314**	**561,245**
Equity		
Issued capital	45,216,805	28,497,444
Retained earnings	(30,052,278)	(28,891,672)
Total equity	**15,164,527**	**(394,228)**
Reserves	**-**	**-**
Total reserves	**-**	**-**
Financial performance		
Loss for the year	1,160,605	405,939
	-	-
Other comprehensive income		
Total comprehensive income	**1,160,605**	**405,939**
Guarantees in relation to the debts of subsidiaries		
Guarantee provided under the deed of cross guarantee	Nil	Nil
Contingent liabilities		
Non-cancellable operating lease - premises	-	-
Contractual commitments		
Contractual capital commitments for the acquisition of property, plant or equipment.	Nil	Nil

Directors Declaration

In accordance with a resolution of the directors of Jatenergy Limited, the directors of the company declare that:

1. the financial statements and notes, as set out on pages 22 to 55, are in accordance with the *Corporations Act 2001* and
    a. comply with Australian Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards; and
    b. give a true and fair view of the financial position as at 30 June 2018 and of the performance for the year ended on that date of the consolidated group;
2. 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
3. the directors have been given the declarations required by s 295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer.

Director

Anthony Crimmins

Dated this 9th day of October 2018

JATENERGY LIMITED
ABN 31 122 826 242
AND ITS CONTROLLED ENTITIES

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JATENERGY LIMITED AND ITS CONTROLLED ENTITIES

Opinion

We have audited the financial report of Jatenergy Limited and Controlled Entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion:

(a) the accompanying financial report of the Jatenergy Limited and Controlled Entities 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 2018 and of its performance for the year ended on that date; and
   ii. complying with Australian Accounting Standards and the Corporations Regulations 2001

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Basis of Opinion

We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. Our responsibilities under those standards are further described in the Auditor's responsibility section of our report. We are independent of the Company in accordance with 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(b) in the financial report, which indicates that the group incurred a net loss of $1,268,891 and had negative cash flows from operating activities of $1,473,851 during the year ended 30 June 2018. As stated in Note 1(b), these events or conditions, along with other matters as set forth in Note 1(b), indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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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 year ended 30 June 2018. 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.

Key Audit Matter	How Our Audit Addressed the Key Audit Matter

Acquisition of Golden Koala Group Pty Ltd.

Refer to Note 22 (c)

During the year, the company acquired 51% of Golden Koala Group Pty Ltd for a consideration of 2,000,000 in cash and 83,333,333 shares in Jatenergy, Accounting for this transaction required management to determine the fair value of all identifiable intangible assets and determining the purchase price allocation for the purpose of accounting for the acquisition. Due to the significance of the acquisition and the estimation processed involved, this acquisition was considered to be a key audit matter.	Our procedures included, amongst others: • We read the share purchase agreement to understand the key terms and conditions of the acquisition. • We obtained an understanding from management as to the basis for accounting for the acquisition and the fair values adopted. • We obtained an Independent valuation report of the identifiable intangible assets acquired and assessed the purchase price allocation. • We assessed the adequacy of the Group's disclosures in respect of the acquisition

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Information Other than the Financial report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information in the Company's annual report for the year ended 30 June 2018, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and 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 the 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 Australia Accounting Standards and the *Corporations Act 2001* and for such internal control as 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 Group's ability 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 have no realistic alternative but to do so.

Auditor's Responsibility 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 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 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, design and perform 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.

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- 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the director'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 Group'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 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 Group 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 Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, amongst 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 our audit.

We also provide the directors with a statement that we 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 the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore 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 report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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Report on the Remuneration Report

We have audited the remuneration report included in pages 12 to 18 of the directors' report for the year ended 30 June 2018. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with s 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.

Opinion

In our opinion, the remuneration report of Jatenergy Limited and its controlled entities for the year ended 30 June 2018 complies with s300A of the Corporations Act 2001.

Hall Chadwick

Hall Chadwick
Level 40, 2 Park Street
Sydney NSW 2000

GRAHAM WEBB
Partner
Date: 9 October 2018

Corporate Governance Statement

The Company's compliance and departures from the Recommendations as at the date of this announcement are set out below:

Principles and Recommendations	Comply (Yes/No)	Explanation
Principle 1: - Lay solid foundations for management and oversight		
Recommendation 1.1 A listed entity should have disclosed a charter which sets out the respective roles and responsibilities of the Board, the chair and management; and includes a description of those matters expressly reserved to the board and those delegated to management	Yes	The Company has adopted a Board Charter. The Board Charter is available on request from the Company. The Company is currently upgrading its website and the Charter will be available on the website by 31 October 2016.
Recommendation 1.2 A listed entity should: (a) Undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) Provide security holders with all material information relevant to a decision on whether or not to elect or re-elect a director	Yes	(a) The Company has guidelines for the appointment and selection of the Board. (b) All material information relevant to a decision on whether or not to elect or re-elect a director will be provided to security holders in a Notice of Meeting pursuant to which the resolution to elect or re-elect a director will be voted on.
Recommendation 1.3 A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment	Yes	Each director and senior executive is a party to a written agreement with the Company setting the terms of their appointment.
Recommendation 1.4 The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	Yes	The Board Charter provides that the Company Secretary is accountable directly to the Board through the chair.
Recommendation 1.5 A listed entity should: (a) Have a diversity policy which includes requirements for the board: (b) To set measurable objectives for achieving gender diversity; and (c) To assess annually both the objectives and the entity's progress in achieving them;	Yes	The Company has adopted a Diversity Policy. The Diversity Policy provides a framework for the Company to set and achieve measurable objective that encompass gender equality.

Corporate Governance Statement

(a) Disclose that policy or a summary of it; and (b) Disclose as at the end of each reporting period: (c) The measurable objectives for achieving gender diversity set by the board in accordance with the entity's diversity policy and its progress towards achieving them; and (d) Either: (e) The respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or (f) The entity's "Gender Equality Indictors", as defined in the Workplace Gender Equality Act 2012.		The Diversity Policy provides for the monitoring and evaluation of the scope and currency of the Diversity Policy. The Company is responsible for implementing, monitoring and reporting o measurable objectives. The Diversity Policy is available from the Company and will be available on the company's website when the website upgrade is completed. The Company currently has 3 male directors and has no senior executives employed. The Company will endeavour to recruit a suitably female director or senior executive if and when a vacancy or appointment becomes available.
Recommendation 1.6 A listed entity should: (a) Have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and (b) Disclose in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	No	(a) The Company does not have a Nomination Committee. The functions of the Nomination Committee are performed by the whole Board. At this stage of the Company's development, it is not considered appropriate for a Nomination Committee to be created. (b) The Board is responsible for evaluating the performance of the Board and individual directors. A review is currently being undertaken.

Corporate Governance Statement

Recommendation 1.7 A listed entity should: (a) Have and disclose a process for periodically evaluating the performance of its senior executives; and (b) Disclose in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process	Yes	The Board is responsible for evaluating the performance of senior executives. The Board is to arrange a performance evaluation of the senior executives. The performance of senior executives has been reviewed in the past year.
Principle 2: Structure the board to add value		
Recommendation 2.1 The board of a listed entity should: (a) Have a nomination committee which: (b) Has at least 3 members, a majority of whom are independent directors; and (c) Is chaired by an independent director, (d) And disclose (e) The charter of the committee; (f) The members of the committee; and (g) As at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (h) If it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, experience, independence and knowledge of the entity to enable it to discharge its duties and responsibilities effectively	No	Given the size and nature of the existing Board and the magnitude of the company's operations, the Company's Nomination Committee is undertaken by the full Board. Pursuant to the Board Charter, the full Board carries out the duties that would ordinarily be assigned to the Nomination Committee. The Board's nomination responsibilities are set out in the Board Charter. The Board will devote time each year to discuss Board succession issues. All members of the Board are involved in the Company's nomination process, to the maximum extent permitted under the Corporations Act and the ASX Listing Rules. The Board's skill matrix is available upon request from the Company's registered office.
Recommendation 2.2 A listed entity should have and disclose a board skill matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership	Yes	The Board Charter contains the current Board skill matrix is available upon request from the Company's registered office.

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Recommendation 2.3 A listed entity should disclose: (a) The names of the directors considered by the board to be independent directors: (b) If a director has an interest, position, association or relationship of the type described in Box 2.3 of the ASX Corporate Governance Principles and Recommendations (3rd Edition), but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and (c) The length of service of each director	No	As at the date of this statement, the Board comprises 3 directors of which none are considered independent. The length of service of each Director is provided in the 2016 Annual Report.
Recommendation 2.4 A majority of the board of a listed entity should be independent directors	No	The Board will consider the number of independent directors when considering appointing additional or replacement directors.
Recommendation 2.5 The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	No	Mr Crimmins is the Chairman and CEO and is not considered independent.
Recommendation 2.6 A listed entity should have a program for inducting new directors and providing appropriate professional development opportunities for continuing directors to develop and maintain the skills and knowledge needed to perform their role as a director effectively.	Yes	The Company has in place an induction program for new directors.

Corporate Governance Statement

Principle 3: Act ethically and responsibly		
Recommendation 3.1 A listed entity should:	Yes	The Board has a Code of Conduct for directors and senior executives. The Code of Conduct has been extended to cover other employees and consultants/contractors. The Code is available upon request from the Company's registered office and will be available on the Company's website when it has been upgraded.
Principle 4: Safeguard integrity in financial reporting		
Recommendation 4.1 The board of a listed entity should: (a) Have an audit committee which: (b) Has at least 3 members, all of whom are non-executive directors and a majority of whom are independent directors: and (c) Is chaired by an independent director, who is not the chair of the board, (d) And disclose: (e) The charter of the committee; (f) The relevant qualifications and experience of the members of the committee; and (g) In relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (h) If does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its financial reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.	No	Given the size and nature of the existing Board and the magnitude of the company's operations, the Company's Audit Committee is undertaken by the full Board. The functions of the Audit Committee, currently performed by the Board are included in an Audit Committee Charter which is available upon request from the Company's registered office and will be available from the company's website when its upgrade is completed.

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Recommendation 4.2 The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive form the CEO and the CFO a declaration that the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	Yes	The CEO and CFO have provided declarations that the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Group.
Recommendation 4.3 A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	Yes	The auditor is invited to the Company's AGM to answer questions from security holders relevant to the audit.
Principle 5: Make timely and balanced disclosure		
Recommendation 5.1 A listed entity should: (a) Have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) Disclose that policy or a summary of it.	Yes	The Company has a written policy for complying with its continuous disclosure obligations under the Listing Rules. The Continuous Disclosure Policy is available upon request from the Company's registered office and from the Company's website when its website has been upgraded.
Principle 6: Respect the rights of security holders		
Recommendation 6.1 A listed entity should provide information about itself and its governance to investors via its website.	No	The Company is currently upgrading its website and will include its governance information on the website when completed.
Recommendation 6.2 A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	Yes	The Company has adopted a Shareholder Communications Policy which aims to promote and facilitate two-way communication with investors.

Corporate Governance Statement

Recommendation 6.3 A listed entity should disclose the policies and processes it has in place to facilitate an encourage participation at meetings of security holders	Yes	The Shareholder Communication Policy contains relevant policies and processes and is available upon request from its registered office and will be available from the company's website when its upgrade is completed.
Recommendation 6.4 A listed entity should give security holders the option to receive communication from and send communications to, the entity and its security register electronically.	Yes	This facility is available to all security holders.
Principle 7: Recognise and manage risk		
Recommendation 7.1 The Board of a listed entity should: (a) Have a committee or committees to oversee risk, each of which: (b) Has at least three members, a majority of whom are independent directors; and (c) Is chaired by an independent director, (d) And disclose: (e) The charter of the committee; (f) The members of the committee; and (g) At the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (h) If it does not have a risk committee or committees that satisfy (a) above disclose that fact and the process it employs for overseeing the entity's risk management framework	No	Given the size and nature of the existing Board and the magnitude of the Company's operations, the Company's Risk functions are undertaken by the full Board.

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Recommendation 7.2 The board or a committee should: (a) Review the entity's risk management framework with management at least annually to satisfy itself that it continues to be sound, to determine whether there have been any changes in the material business risks the entity faces and to ensure that they remain within the risk appetite set by the board; and (b) Disclose in relation to each reporting period, whether such a review has taken place.	Yes	The Board reviews on an annual basis the effectiveness of the company's management of its material risk. The current review will be completed before 31 December 2016.
Recommendation 7.3 A listed entity should disclose: (a) If it has an internal audit function, how the function is structured and what role it performs; or (b) If it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	No	Given the size of the Company the Board does not consider it necessary to have an internal audit function. This function is undertaken by the Board in its role as the Audit Committee.
Recommendation 7.4 A listed entity should disclose whether, and if so how, it has regard to economic, environmental and social responsibility risks and, if it does, how it manages or intends to manage those risks.	Yes	If the Company has any material exposure to economic, environmental and social sustainability risk, it will disclose any such exposure and how it manages or intends to manage those risks, in future Corporate Governance Statements. To date the Company has no material exposures to economic, environmental and social sustainability risks.

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Principle 8: Remunerate fairly and responsibly		
Recommendation 8.1 The board of a listed entity should: (a) Have a remuneration committee which: (b) Has at least 3 members, a majority of whom are independent directors; and (c) Is chaired by an independent director, (d) And disclose: (e) The charter of the committee; (f) The members of the committee; and (g) As at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (h) If it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.	No	Given the size and nature of the existing Board and the magnitude of the Company's operations, the Company's Remuneration Committee functions are undertaken by the full Board.
Recommendation 8.2 A listed entity should separately disclose its policies regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives and ensure that the different roles and responsibilities of non-executive directors compared to executive directors and other senior executives are reflected in the level and composition of their remuneration.	Yes	The Company's policies and practices have been disclosed in the June 2016 Annual Report.

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Recommendation 8.3 A listed entity which has an equity-based remuneration scheme should: (a) Have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) Disclose that policy or a summary of it	Yes	The Company has a Share Trading policy which includes a policy of prohibiting participants of an equity-based remuneration scheme from entering into transactions (whether through use of derivatives or otherwise) which limit the economic risk of participating in the scheme. A copy of the company's Share Trading policy is available upon request from the Company's registered office and will be available from the Company's website when its upgrade has been completed.

Shareholder Information

Additional Information required by the ASX Limited listing rule and not disclosed elsewhere in this report are set out below.

The shareholder information set out below was applicable as at 9 October 2018.

(a) Distribution of equity securities

Analysis of a number of ordinary fully paid shareholders by size of holding:

			Holders	Units	Percentage
1	-	1,000	74	17,016	0.00%
1,001	-	5,000	535	1,792,042	0.28%
5,001	-	10,000	507	4,075,364	0.63%
10,001	-	100,000	1,420	55,887,774	8.70%
100,001	-	And over	632	580,677,318	90.38%
Total on Register			**3,168**	**642,449,514**	**100.00%**

Total Number of holders of less than a marketable parcel of ordinary shares: 1,209

(g) Substantial holders

The substantial shareholders of the Company are as follows:

Holder Name	Ordinary Shares	Percentage
GOLDEN LUCKY STAR PL	83,333,33	12.97%
SHENG RUN HLDGS GRP AUST	75,791,666	11.80%
CHEN YAOAN + LI YAN	40,000,000	6.23%

Shareholder Information

(h) Voting rights

The voting rights attaching to each class of equity securities are set out below:

(i) Ordinary Shares

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.

(i) Equity security holdings

Twenty largest quoted equity security holders.

The names of the 20 largest quoted equity security holders of quoted equity securities are listed below:

		Spread & Top 20 Listings	
	Holder Name	**Current Units**	**Status % of Issued**
1	GOLDEN LUCKY STAR PL	83,333,333	12.97%
2	SHENG RUN HLDGS GRP AUST	75,791,666	11.80%
3	CHEN YAOAN + LI YAN	40,000,000	6.23%
4	TOP CAT CONS SVCS PL	23,489,034	3.66%
5	FENG ZHOU XUAN	21,111,111	3.29%
6	JIN & YAO INV PL	15,311,111	2.38%
7	WANG ZHONGLIANG	12,800,000	1.99%
8	LI LIN	12,479,000	1.94%
9	HAJEK ADAM LESLIE + L G	12,227,558	1.90%
10	CRIMMINS ANTHONY STEPHEN	12,109,197	1.88%
11	HAJEK SUPER PL	7,577,659	1.18%
12	DOWN THE LINE CONS PL	6,603,179	1.03%
13	ARI CAP PL	6,250,000	0.97%
14	WEI WESLEY	5,555,555	0.86%
15	CRIMMINS ANTHONY STEPHEN	4,880,448	0.76%
16	J & Y GRP PL	4,500,000	0.70%
17	SHENG RUN HLDGS GRP AUST	4,286,222	0.67%
18	JSR NOM PL	4,221,291	0.66%
19	AHMAD BILAL	3,850,000	0.60%
20	M TURNER PL	3,386,166	0.52%
	Total Top 20 Shareholders	**359,744,530**	**55.99%**