



澳大利亚生命力控股集团
AUSTRALIA SAMLY HOLDINGS GROUP LIMITED

Australia Samly Holdings Group Limited

ABN 16 164 307 975

Consolidated Annual Report

for the year ended 30 June 2013

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CORPORATE DIRECTORY

DIRECTORS

Executive Director	LIANGCHAO CHEN	Ms JIAJUN LI
Non-Executive Director	COLIN GUANG ZHENG	Ms PIN YIN
Non-Executive Director	ZHIMIN XIONG	
Executive Director	PENG YU	
Executive Director	ENHUA HUANG	

GROUP SECRETARY

PRINCIPAL PLACE OF BUSINESS

C/- PREECE LIN LAWYERS
 UNIT 2112 TERRALONG STREET
 KIAMA NSW 2533

REGISTERED OFFICE

C/- PREECE LIN LAWYERS
 UNIT 2112 TERRALONG STREET
 KIAMA NSW 2533

SHARE REGISTRY

SHAREBPO PTY LTD
 LEVEL 1, 51-57 PITT ST
 SYDNEY NSW 2000

SOLICITOR

BAKER & MCKENZIE
 AMP CENTER
 LEVEL 27
 50 BRIDGE STREET
 SYDNEY NSW 2000 AUSTRALIA

AUDITOR

BDO Audit (WA) Pty Ltd
 38 Station Street
 SUBIACO WA 6008

BANKER

COMMONWEALTH BANK OF AUSTRALIA
 28 KINGSWAY GLEN WAVERLEY
 VIC 3150

WEBSITE

www.samly.net



澳大利亚生命力控股集团
AUSTRALIA SAMLY HOLDINGS GROUP LIMITED

DIRECTORS' REPORT

The directors present their report, together with the financial statements, on the group (referred to hereafter as the 'group') consisting of Australia Samly Holdings Group Limited (**Australia Samly**) and the entities it controlled for the year ended 30 June 2013.

Unless specified, all amounts disclosed in the financial statements are presented in Australian dollars.

Directors

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

LIANGCHAO CHEN
COLIN GUANG ZHENG
ZHIMIN XIONG
PENG YU
ENHUA HUANG

Principal activities

During the financial year the principal continuing activities of the group consisted of:

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

Dividends

No dividend declared or issued by Australia Samly Holdings Group limited till report issued.

Review of operations

The profit for the group after providing for income tax amounted to \$1,085,065 (30 June 2012: \$388,408, 30 June 2011: \$291,301). Gross sales increased by 89% during 2013 and net income increased by \$696,656 accordingly.

With the predicted upturn in the economy and continued profitability of the group, bank borrowings are expected to reduce significantly during the year ending 30 June 2014 from current cash on deposit and future earnings, without necessarily reducing potential dividend payments.

Significant changes in the state of affairs

Australia Samly holds 100% in Samly (Int'l) Bio-tech Co., Limited (Company Number 1812692) ("Samly International"), a group registered in Hong Kong. Samly International in turn holds 100% of the issued share capital in Feng Guang Tai Hardware Model (Shenzhen) Co., Ltd, a PRC holding group and wholly-owned foreign group (WOFE). Australia Samly was founded on 17 June 2013.

In order to IPO on the APX, the Samly China group underwent a restructuring in 2013 involving the insertion of an Australian Holding Company (Australia Samly Holdings Group Limited) and intermediate holding company in Hong Kong and mainland China.

Matters subsequent to the end of the financial year

- On 21 June 2013, Shenzhen Samly and Ping An Bank Co., Ltd (Shenzhen Branch) ("Pin An Bank") signed a loan agreement for an amount of RMB 3 million. The period of the loan is 1 July 2013 to 1 July 2014. The interest rate applicable for the loan is the fixed rate of 7.80% per annum, with the rate adjusted quarterly in accordance with the loan agreement.



澳大利亚生命力控股集团
AULTRALIA SAMLY HOLDINGS GROUP LIMITED

DIRECTORS' REPORT

Likely developments and expected results of operations

There is no significant change to the group business after 30 June 2013.

Environmental regulation

The group is not subject to any significant environmental regulation under Australian Commonwealth or State law.

According to GMP application requirement, any company who entitle to GMP certification should be satisfied The People's Republic of China Environmental Impact Assessment Law. Currently, Samly owns two GMP factories located in Shenzhen and Shuyang, Jiangsu respectively.

Information on directors

Name:	LIANGCHAO CHEN
Title:	Executive director, Chairman
Qualifications:	EMBA
Experience and expertise:	<p>As the co-founder of Shenzhen Samly, Mr Chen has more than 10 years of experience in the health food and dietary supplements business industry and is a well-known entrepreneur in Shenzhen.</p> <p>Mr Chen graduated from the renowned Tsinghua University in Beijing, PRC with a degree in Master of Administration (EMBA). Mr Chen is responsible for making strategic decisions for the Group and has experience in finance and banking, resource and operational management and has excellent public relations skills.</p> <p>Under Mr Chen's leadership, Shenzhen Samly has won the "National Food Safety Demonstration Unit" title for the past eight consecutive years, which was unique amongst its industry.</p> <p>Mr Chen does not hold directorship in any other Australian public companies in the past three years.</p>
Special responsibilities:	Member of the Nomination and Remuneration Committee, member of the Audit and Risk Management Committee, Chairman of the Continuous Disclosure Committee.
Interests in shares:	21,300,000 number of ordinary shares
Interests in options:	None

DIRECTORS' REPORT

Information on directors (Cont)

Name:	Colin Guang Zheng
Title:	Non-executive and independent director
Qualifications:	BA
Experience and expertise:	Mr. Colin Guang Zheng, non-executive director, graduated from Australia Scott's business college for business management. Colin was ever worked as the sales manager for Australia TESL books Pty Ltd and the shop manager for Australia Melbourne Riversdale Gourmet. He has solid experience in company management.
Other current directorships:	Colin Guang Zheng is a director and company secretary of Australia Hua Huei Investment Pty Ltd.
Special responsibilities:	Chairman of the Nomination and Remuneration Committee, member of the Audit and Risk Management Committee
Interests in shares:	None
Interests in options:	None

Name:	ZHIMIN XIONG
Title:	Non-executive and independent director
Qualifications:	College
Experience and expertise:	Ms Xiong worked in Shenzhen Longhai Tuo Industrial Co. Ltd and Shenzhen Changxi Industrial Co., Ltd for 6 years. During this period, Ms Xiong was engaged in administration and accounting. Zhimin Xiong does not hold directorship in any other Australian public companies in the past three years.
Special responsibilities:	Member of the Nomination and Remuneration Committee and Chairman of the Audit and Risk Committee
Interests in shares:	None
Interests in options:	None

Name:	PENG YU
Title:	Executive Director, Chief Executive Officer
Qualifications:	College, International registered dietitian
Experience and expertise:	Mr. Peng Yu is mainly responsible for the group's overall logistical support, human resources and training etc. He engaged in the industry of nutritional health food for sixteen years, as the industry 's first conference model applied to health care products distribution business, first in the training class launched disease prescription sales (and disease related sales), the earliest to advocate terminal service mode, and he is rich in nutrition and health food marketing, training, experience. Peng Yu does not hold directorship in any other Australian public companies in the past three years.
Special responsibilities:	Member of the Continuous Disclosure Committee
Interests in shares:	None
Interests in options:	None

DIRECTORS' REPORT

Information on directors (Cont)

Name:	ENHUA HUANG
Title:	Executive Director, Chief Financial Officer
Qualifications:	MA, AIA member, Intermediate Accountant of P.R.C
Experience and expertise:	ENHUA HUANG was Graduated in Beijing Technology and Business University (bachelor) and Australian Deakin University (master). Steve holds AIA membership and Intermediate Accountant of P.R.C certification as well as the student of P stage of ACCA. He is in charge of set up and improve financial policies and financial strategy; set up, improve and monitor budget and financial management policies; attend to review major decision; organize misc auditing jobs of Samly. He have 11 years' work experience of accounting and engaged in financial system set up and improvement for two companies previously, he was also engaged in IPO of Samly entirely. Enhua Huang does not hold directorship in any other Australian public companies in the past three years.
Special responsibilities:	Member of the Audit and Risk Committee
Interests in shares:	None
Interests in options:	None

Company Secretary

JIAJUN LI (BA) has held the role of Company Secretary since November 2013. She worked previously as the Risk Manager of International Finance Australia for 2 years. JIAJUN LI holds Risk Management master degree of University of NSW.

PIN YIN was appointed to be Company Secretary since February 2012. She has been engaged in healthcare industry for 7 years and is experienced in management and training. She is also the administrator in charge of communication between administrative departments and factory; organize activities and daily work of board of director.

Meetings of directors

The number of meetings of the group's Board of Directors ("the Board") and of each board committee held during the year ended 30 June 2013, and the number of meetings attended by each director were:

	Full Board		Nomination and Remuneration Committee		Audit and Risk Committee	
	Attended	Held	Attended	Held	Attended	Held
LIANGCHAO CHEN	2	2	-	-	-	-
COLIN GUANG ZHENG	2	2	-	-	-	-
ZHIMIN XIONG	2	2	-	-	-	-
PENG YU	1	1	-	-	-	-
ENHUA HUANG	1	1	-	-	-	-

DIRECTORS' REPORT

Remuneration report (audited)

The remuneration report, which has been audited, outlines the key management personnel remuneration arrangements for the group, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

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 *Additional information*

A Principle used to determine the nature and amount of remuneration

The objective of the group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and conforms to the market best practice for delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency

The Nomination and Remuneration Committee is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the group depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

Alignment to shareholders' interests:

- has economic profit as a core component of plan design
- focuses on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value
- attracts and retains high calibre executives

Alignment to program participants' interests:

- rewards capability and experience
- reflects competitive reward for contribution to growth in shareholder wealth
- provides a clear structure for earning rewards

In accordance with best practice corporate governance, the structure of non-executive directors and executive remunerations are separate.

Non-executive directors' remuneration

Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors' fees and payments are reviewed annually by the Nomination and Remuneration Committee. The Nomination and Remuneration Committee may, from time to time, receive advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market. The chairman's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market. The chairman is not present at any discussions relating to determination of his own remuneration. Non-executive directors do not receive share options or other incentives.



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AUSTRALIA SAMLY HOLDINGS GROUP LIMITED

DIRECTORS' REPORT

Remuneration report (audited) (Cont)

APX listing rules require the aggregate non-executive directors' remuneration be determined periodically by a general meeting. There is no payment to non-executive directors until after the issue of financial report.

Executive director remuneration

The group aims to reward executives with a level and mix of remuneration based on their position and responsibility, which is both fixed and variable.

The executive remuneration and reward framework has two components:

- base pay and non-monetary benefits
- performance incentives

The combination of these comprises the executive directors' total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Nomination and Remuneration Committee, based on individual and business unit performance, the overall performance of the group and comparable market remunerations.

Executive directors may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the group and provides additional value to the executive.

The incentives program is designed to align the targets of the business units with the targets of those executives in charge of meeting those targets. Incentive payments are granted to executives based on specific annual targets and key performance indicators ('KPI's') being achieved. KPI's include profit contribution, customer satisfaction, leadership contribution and product management.

B Details of remuneration

Amounts of remuneration

Details of the remuneration of the key management personnel of group are set out in the following tables.

The key management personnel of the group consisted of the following directors of Australia Samly Holdings Group Limited:

- LIANGCHAO CHEN - Executive director, Chairman, appointed on 17 June 2013
- COLIN GUANG ZHENG - Independent Non-Executive Director, appointed on 15 November 2013
- ZHIMIN XIONG - Independent Non-Executive Director, appointed on 17 June 2013
- PENG YU - Executive director and Chief Executive Officer, appointed on 15 November 2013
- ENHUA HUANG - Executive director and Chief Financial Officer, appointed on 15 November 2013

DIRECTORS' REPORT

Remuneration report (audited) (Cont)

2013	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
	Cash salary and fees	Bonus	Non-monetary	Super-annuation	Long service leave	Equity-settled	Total
	\$	\$	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>							
COLIN GUANG ZHENG	-	-	-	-	-	-	-
ZHIMIN XIONG	-	-	-	-	-	-	-
<i>Executive Directors:</i>							
LIANGCHAO CHEN	18,698	-	-	1,497	-	-	20,195
PENG YU	27,633	-	-	1,136	-	-	28,769
ENHUA HUANG	14,793	-	-	979	-	-	15,772
Total	61,124	-	-	3,612	-	-	64,736

There were no payments to executive or non-executive directors during 2012 and 2011.

The proportion of remuneration linked to performance and the fixed proportion are as follows:

	Fixed remuneration			Others		
	2013	2012	2011	2013	2012	2011
<i>Non-Executive Directors:</i>						
COLIN GUANG ZHENG	0%	0%	0%	0%	0%	0%
ZHIMIN XIONG	0%	0%	0%	0%	0%	0%
<i>Executive Directors:</i>						
LIANGCHAO CHEN	100%	0%	0%	0%	0%	0%
PENG YU	100%	100%	0%	0%	0%	0%
ENHUA HUANG	100%	0%	0%	0%	0%	0%

No cash bonus paid during three years.

DIRECTORS' REPORT

Remuneration report (audited) (Cont)

C Service agreements

Remuneration and other terms of employment for executive directors are formalised in service agreements. Details of these agreements are as follows:

Name:	LIANGCHAO CHEN
Title:	Executive director and Chairman
Agreement commenced:	25-Jan-13
Term of agreement:	Not fixed
Details:	Base salary for the year ending 31 December 2013 of RMB 240,000 plus superannuation, bonus of 5-50% as per Nomination and Remuneration Committee approval and KPI achievement, non-solicitation and non-compete clauses.

Name:	PENG YU
Title:	Executive director and Chief Executive Officer
Agreement commenced:	25-Jan-13
Term of agreement:	24-Jan-16
Details:	Base salary for the year ending 31 December 2013 of RMB 216,000 plus superannuation, bonus of 5-50% as per Nomination and Remuneration Committee approval and KPI achievement, non-solicitation and non-compete clauses.

Name:	ENHUA HUANG
Title:	Executive Director and Chief Financial Officer
Agreement commenced:	25-Jan-13
Term of agreement:	24-Jan-16
Details:	Base salary for the year ending 31 Dec 2013 of RMB 180,000 plus superannuation, bonus of 5-50% as per Nomination and Remuneration Committee approval and KPI achievement, non-solicitation and non-compete clauses.

D Share-based compensation

There is no share based payment or compensation at 30 June 2013.

E Additional information

The earnings of the group for the three years to 30 June 2013 are summarised below:

	2013	2012	2011
	\$	\$	\$
Sales revenue	8,722,211	5,281,799	3,698,617
EBIT	1,440,776	517,731	356,087
Profit after income tax	1,085,065	388,408	291,301

DIRECTORS' REPORT

Indemnity and insurance of officers

The group has indemnified the directors and executives of the group for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the group paid a premium in respect of a contract to insure the directors and executives of the group against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of liability and the amount of the premium.

Indemnity and insurance of auditor

The group has not, during or since the financial year, indemnified or agreed to indemnify the auditor of the group or any related entity against a liability incurred by the auditor.

During the financial year, the group has not paid a premium in respect of a contract to insure the auditor of the group or any related entity.

Proceedings on behalf of the group

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.

Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 3 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 3 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor, and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the group, acting as advocate for the group or jointly sharing economic risks and rewards.

There are no officers of the group who are former audit partners of BDO Audit (WA) Pty Ltd.

Auditor's independence declaration

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



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AUSTRALIA EARLY HOLDINGS GROUP LIMITED

DIRECTORS' REPORT

Auditor

BDO Audit (WA) Pty Ltd continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

Director

2 December 2013
Shenzhen



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Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

**DECLARATION OF INDEPENDENCE BY WAYNE BASFORD TO THE DIRECTORS OF AUSTRALIA
SAMLY HOLDINGS GROUP LIMITED**

As lead auditor of Australia Samly Holdings Group Limited for the year ended 30 June 2013, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Australia Samly Holdings Group Limited and the entities it controlled during the period.

Wayne Basford
Director

BDO Audit (WA) Pty Ltd
Perth, 2 December 2013

CORPORATE GOVERNANCE STATEMENT

The Board of Directors is responsible for the operational and financial performance of the group, including its corporate governance. The group believes that the adoption of good corporate governance adds value to stakeholders and enhances investor confidence.

The group acknowledges Listing Rules Procedures 15.3 (Corporate Governance Matters). This Corporate Governance Statement provides details of the group's compliance with those Recommendations, or where appropriate, indicates a departure from the Recommendations with an explanation. A checklist summarising the group's compliance with the Recommendations is also set out at the end of this statement.

PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

Board Charter

The Board is accountable to shareholders for the performance of the group. The Board operates under the Board Charter that details its functions, responsibilities and powers and those delegated to management.

On appointment, non-executive directors receive formal letters of appointment setting out the terms and conditions of appointment. The formal letter of appointment covers the matters referred to APX Listing Rules Procedure 15.3.2(b). Executive directors are employed pursuant to employment agreements.

Evaluation of the performance of senior executives

The performance of senior executives is evaluated in accordance with the Performance Evaluation Process. A performance evaluation for senior executives will take place subsequent to the end of the reporting period and will be carried out in accordance with the process disclosed.

PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE

Composition of the Board

The Board consists of the Executive Chairman, Executive Director and two Executive Directors and two non-executive directors. Details of their skills, experience and expertise and the period of office held by each director have been included in the Directors' Report. The number of board meetings and the attendance of the directors are set out in the Directors' Report.

The roles of Chairman and the Executive Director are exercised by the same individual. The Board Charter summarises the roles and responsibilities of Liangchao Chen.

Independence of non-executive directors

The Board has assessed the independence of the non-executive directors using defined criteria of independence and materiality consistent with the APX Listing Rules Procedure 15.3.2(b)(i).

Colin Guang Zheng and Zhimin Xiong are regarded as independent as they are not substantial shareholders as defined by the *Corporations Act*.



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AUSTRALIA SAMLY HOLDINGS GROUP LIMITED

CORPORATE GOVERNANCE STATEMENT

Nomination and Remuneration Committee

The Nomination and Remuneration Committee consists of five members and is chaired by Mr Colin Guang Zheng, who is an independent non-executive director.

The Nomination and Remuneration Committee Charter sets out its role, responsibilities and membership requirements.

For information on the skills, experience and expertise of the Nomination and Remuneration Committee member, refer to the Directors' Report.

Details of the members and their attendance at meetings of the Nomination and Remuneration Committee are included in the Directors' Report.

Board renewal and succession planning

The appointment of directors is governed by the group's Constitution and the Appointment and Selection of New Directors policy. In accordance with the Constitution of the group, no director except a Managing Director shall hold office for a continuous period in excess of three years or past the third annual general meeting following the director's appointment, whichever is the longer, without submitting for re-election.

The group has not adopted a policy in relation to the retirement or tenure of directors.

The appointment of the group Secretary is a matter for the Board. Information on the skills, experience and qualifications of the group Secretary can be found in the Directors' Report.

Evaluation of the performance of the Board, its committees and individual directors

The performance of the Board, its committees and individual directors are evaluated in accordance with the Performance Evaluation Process. Performance evaluations of the Board, the Nomination and Remuneration Committee, the Audit and Risk Committee and individual directors will take place subsequent to the end of the reporting period and will be carried out in accordance with the Performance Evaluation Process.

Induction and education

When appointed to the Board, a new director will receive an induction appropriate to their experience. Directors may participate in continuing education to update and enhance their skills and knowledge from time to time, as considered appropriate.

Access to information and advice

Directors are entitled to request and receive such additional information as they consider necessary to support informed decision-making. The Board also has a policy under which individual directors and Board committees may obtain independent professional advice at the group's expense in relation to the execution of their duties, after consultation with the Chairman.

PRINCIPLE 3: PROMOTE ETHICAL AND RESPONSIBLE DECISION MAKING

Code of Conduct

The Board has adopted a Code of Conduct which applies to all directors and officers of the group. It sets out Samly's commitment to successfully conducting the business in accordance with all applicable laws and regulations while demonstrating and promoting the highest ethical standards.



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AUSTRALIA SAMLY HOLDINGS GROUP LIMITED

CORPORATE GOVERNANCE STATEMENT

Diversity Policy

The Board has adopted a Diversity Policy which sets out the group's aims and practices in relation to recognising and respecting diversity in employment. The Policy reinforces the group's commitment to actively managing diversity as a means of enhancing the group's performance by recognising and utilising the contributions of diverse skills and talent from its employees.

PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

Audit and Risk Committee

The Audit and Risk Committee consists of five members and is chaired by an independent non-executive director Zhimin Xiong.

The Audit and Risk Committee Charter sets out its role, responsibilities and membership requirements. The Charter reflects the matters set out in the APX Listing Rules Procedure 15.3.3(c)(ii).

For information on the skills, experience and expertise of the Audit and Risk Committee members, refer to the Directors' Report.

Details of the members and their attendance at meetings of the Audit and Risk Committee are included in the Directors' Report.

External auditor

Consistent with its Charter, the Audit and Risk Committee reviews the external auditor's terms of engagement and audit plan, and assesses the independence of the external auditor. The current practice, subject to amendment in the event of legislative change, is for the rotation of the engagement partner to occur every five years.

The group's independent external auditor is BDO Audit (WA) Pty Ltd.

PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE

The Continuous Disclosure Policy sets out the key obligations of the directors and employees in relation to continuous disclosure as well as the group's obligations under the Listing Rules and the Corporations Act. The Policy also provides procedures for internal notification and external disclosure, as well as procedures for promoting understanding of compliance with the disclosure requirements for monitoring compliance.

CORPORATE GOVERNANCE STATEMENT

PRINCIPLE 6: RESPECT THE RIGHTS OF SHAREHOLDERS

The Shareholder Communications Policy sets out the consolidate entity's aims and practices in respect of communicating with both current and prospective shareholders. The Policy reinforces the consolidate entity's commitment to promoting investor confidence by requiring:

- compliance with the continuous disclosure obligations;
- compliance with insider trading laws;
- compliance with financial reporting obligations;
- compliance with shareholder meeting requirements, including the provision of an opportunity for shareholders and other stakeholders to hear from and put questions to the Board, management and auditor of the consolidate entity;
- communication with shareholders in a clear, regular, timely and transparent manner; and
- response to shareholder queries in a prompt and courteous manner.

PRINCIPLE 7: RECOGNISE AND MANAGE RISK

Risk Management Policy

The group recognises that risk is inherent to any business activity and that managing risk effectively is critical to the immediate and future success of the consolidate entity. As a result, the Board has adopted a Risk Management Policy which sets out the consolidate entity's system of risk oversight, management of material business risks and internal control.

Risk oversight

The group's risk management framework is supported by the Board of Directors, management and the Audit and Risk Committee. The Board is responsible for approving and reviewing the group's risk management strategy and policy. Management are responsible for monitoring that appropriate processes and controls are in place to effectively and efficiently manage risk. The Audit and Risk Committee also has delegated responsibilities in relation to risk management and the financial reporting process as set out in the Audit and Risk Committee Charter. Further detail regarding the Audit and Risk Committee can be found above at Principle 4: Safeguarding integrity in financial reporting.

Reporting and assurance

When considering the Audit and Risk Committee's review of financial reports, the Board receives a written statement declaration in accordance with section 295A of the *Corporations Act*, signed by the Executive Chairman and Executive Director, that the group's financial reports give a true and fair view, in all material respects with, of the consolidate entity's financial position and comply in all material respects with relevant accounting standards. This statement also confirms that the consolidate entity's financial reports are founded on a sound system of risk management and internal control and that the system is operating effectively in relation to financial reporting risks.

Similarly, in a separate written statement the executive Chairman and the Chairman of the Audit and Risk Committee also confirm to the Board that the group's risk management and internal control systems are operating effectively in relation to material business risks for the period, and that nothing has occurred since period-end that would materially change the position.

CORPORATE GOVERNANCE STATEMENT

PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

Nomination and Remuneration Committee

The Nomination and Remuneration Committee has delegated responsibilities in relation to the group's remuneration policies as set out in the Nomination and Remuneration Committee Charter. Further detail regarding the Nomination and Remuneration Committee can be found above at Principle 2: Structure the board to add value.

Non-executive directors' remuneration policy

The structure of non-executive directors' remuneration is clearly distinguished from that of executives. Non-executive directors do not receive performance related compensation. Neither the non-executive directors nor the executives of the group receive any retirement benefits.

Executive directors' remuneration policy

As noted previously, the Executive Chairman and Executive Director are employed pursuant to employment agreements. Summaries of these employment agreements are set out in the Remuneration Report.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the year ended 30 June 2013

	Note	2013 \$	Consolidated 2012 \$	2011 \$
Revenue from continuing operations				
Sales	4	8,722,211	5,281,799	3,698,617
Other income	5	3,779	-	6,058
Expenses				
Cost of sales	6	(5,105,197)	(3,423,504)	(2,209,997)
Other expenses from ordinary activities				
Occupancy		(936,453)	(570,164)	(482,343)
Sales expenses		(246,225)	(125,033)	(79,671)
Marketing		(433,921)	(397,223)	(355,892)
Other expenses		(138,649)	(31,080)	(51,773)
General administration		(424,171)	(216,763)	(168,670)
Finance costs		(598)	(301)	(242)
Profit before income tax expense from continuing operations		1,440,776	517,731	356,087
Income tax expense	8	(355,711)	(129,323)	(64,786)
Profit after income tax expense for the year		1,085,065	388,408	291,301
Other comprehensive income				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Foreign currency translation		245,805	39,093	(15,000)
Other comprehensive income for the year, net of tax		245,805	39,093	(15,000)
Total comprehensive income for the year		1,330,870	427,501	276,301
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the company				
Basic earnings per share		3.62 cents	1.29 cents	0.97 cents
Diluted earnings per share		3.62 cents	1.29 cents	0.97 cents

The Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION
as at 30 June 2013

	Note	2013 \$	Consolidated 2012 \$	2011 \$
Assets				
Current assets				
Cash and cash equivalents	9	2,323,532	585,276	390,273
Trade and other receivables	10	593,363	541,813	236,856
Inventories	11	2,706,325	2,047,511	1,560,337
Payment in advance	12	459,589	262,877	136,653
Other current assets	13	135,234	-	159,022
Total current assets		6,218,043	3,437,477	2,483,141
Non-current assets				
Trade and other receivables	10	-	-	174,578
Property, plant and equipment	14	4,394,482	353,433	382,140
Intangibles	15	640,389	-	-
Deferred tax assets	16	165,877	90,929	15,244
Other non-current assets	17	120,306	196,929	40,960
Total non-current assets		5,321,054	641,291	612,922
Total assets		11,539,097	4,078,768	3,096,063
Liabilities				
Current liabilities				
Trade and other payables	18	845,876	1,210,615	877,313
Borrowings	19	660,903	370,230	997,499
Deferred revenue	20	2,636,717	745,040	641,353
Taxes payable	21	1,890,854	972,030	238,021
Provisions	22	140,108	60,268	50,561
Other current liabilities		2,210	-	-
Total current liabilities		6,176,668	3,358,183	2,804,747
Non-current liabilities				
Trade and other payables	18	1,384,483	-	4,433
Borrowings	19	2,134,050	-	-
Total non-current liabilities		3,518,533	-	4,433
Total liabilities		9,695,201	3,358,183	2,809,180
Net assets		1,843,896	720,585	286,883
Equity				
Contributed equity	23	3,781	211,340	205,139
Foreign currency exchange		257,062	11,257	(27,836)
Reserves		158,305	49,799	10,958
Retained profits		1,424,749	448,189	98,622
Total equity		1,843,896	720,585	286,883

The Statement of Financial Position is to be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY
for the year ended 30 June 2013

Consolidated	Note	Contributed equity \$	Reserves \$	Surplus reserves \$	Retained profits \$	Total equity \$
Balance at 1 July 2010		205,139	(12,836)	(18,172)	(163,549)	10,582
Profit after income tax expense for the year		-	-	-	291,301	291,301
Foreign currency exchange reserves		-	(15,000)	-	-	(15,000)
Total comprehensive income for the year		-	(15,000)	-	291,301	276,301
Transactions with owners in their capacity as owners:						
Contributions of equity, net of transaction costs and tax		-	-	-	-	-
Reserves – 10% of retained earnings		-	-	29,130	(29,130)	-
		-	-	29,130	(29,130)	-
Balance at 30 June 2011		205,139	(27,836)	10,958	98,622	286,883
Profit after income tax expense for the year		-	-	-	388,408	388,408
Foreign currency exchange reserves		-	39,093	-	-	39,093
Total comprehensive income for the year		-	39,093	-	388,408	427,501
Transactions with owners in their capacity as owners:						
Contributions of equity, net of transaction costs and tax		6,201	-	-	-	6,201
Reserves – 10% of retained earnings		-	-	38,841	(38,841)	-
		6,201	-	38,841	(38,841)	6,201
Balance at 30 June 2012		211,340	11,257	49,799	448,189	720,585
Profit after income tax expense for the year		-	-	-	1,085,065	1,085,065
Foreign currency exchange reserves		-	245,805	-	-	245,805
Total comprehensive income for the year		-	245,805	-	1,085,065	1,330,870

STATEMENT OF CHANGES IN EQUITY
for the year ended 30 June 2013

Consolidated	Note	Contributed equity \$	Reserves \$	Surplus reserves \$	Retained profits \$	Total equity \$
Transactions with owners in their capacity as owners:						
Increase of contributed equity		2,257,846	-	-	-	2,257,846
Repayment of contributed equity		(2,462,985)	-	-	-	(2,462,985)
Contributions of equity, net of transaction costs		(2,420)	-	-	-	(2,420)
Reserves – 10% of retained earnings		-	-	108,506	(108,506)	-
		<u>(207,559)</u>	<u>-</u>	<u>108,506</u>	<u>(108,506)</u>	<u>(207,559)</u>
Balance at 30 June 2013		<u>3,781</u>	<u>257,062</u>	<u>158,305</u>	<u>1,424,748</u>	<u>1,843,896</u>

The Statement of Changes in Equity is to be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS
for the year ended 30 June 2013

	Note	2013 \$	Consolidated 2012 \$	2011 \$
Cash flows from operating activities				
Receipts from customers		11,733,039	6,364,952	3,813,142
Payments to suppliers and employees		(10,469,069)	(5,423,894)	(4,250,799)
Interest received		2,010	1,394	1,121
Insurance proceeds claim		188,167	-	-
Taxes paid		(372,595)	(95,378)	(174,688)
Net cash from operating activities		1,081,552	847,074	(611,224)
Cash flows from investing activities				
Payments for intangibles	15	(599,062)	-	-
Payments for property, plant and equipment	14	(3,623,922)	(5,172)	(402,318)
Net cash used in investing activities		(4,222,984)	(5,172)	(402,318)
Cash flows from financing activities				
Proceeds from borrowings	19	2,794,953	-	802,650
Proceeds from issue of shares		2,257,846	6,176	-
Repayment of borrowings		(349,191)	(693,354)	-
Net cash from/(used) in financing activities		4,703,608	(687,178)	802,650
Net increase/(decrease) in cash and cash equivalents		1,562,176	154,724	(210,892)
Cash and cash equivalents at the beginning of the financial year		585,276	390,273	710,350
Effects of exchange rate changes on cash		176,080	40,279	(109,185)
Cash and cash equivalents at the end of the financial year		2,323,532	585,276	390,273

The Statement of Cash Flows is to be read in conjunction with the accompanying notes.



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NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting entity

The financial report of Australia Samly Holdings Group Limited (**Australia Samly**) for the financial year ended 30 June 2013 was authorised for issue in accordance with a resolution of the directors on 2 December 2013.

Samly is a group limited by shares incorporated in Australia.

The nature of the operations and principal activities of the group are described in the Directors' Report.

Basis of preparation

Australia Samly Holdings Group Limited is a for profit entity.

Statement of compliance

These general purpose financial statements have been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. Australia Samly is a for profit entity for the purpose of preparing the financial statements.

The financial statements of the group also comply with the International Financial Reporting Standards (**IFRS**) as issued by the International Accounting Standards Board (**IASB**).

Basis of measurement

The financial statements are prepared on the accruals basis and the historical cost basis. The financial statements are presented in Australian dollars and all values are rounded to the nearest dollar unless otherwise stated.

Restructuring

The operating business companies are Shenzhen Vitality Bio-health Technology Co., Ltd and its subsidiaries Shenzhen Vitality Bio-health Technology Jiangsu Co., Ltd, Shenzhen Shenxiantang Technology Development Co., Ltd, Shenzhen New Life Biological Technology Co., Ltd and Shenzhen Samly Technology Development Co., Ltd. These entities were incorporated in People's Republic of China.

In order to IPO on the APX, the Samly China group underwent a restructuring in 2013 involving the insertion of an Australian Holding Company (Australia Samly Holdings Group Limited) and intermediate holding company in Hong Kong and mainland China.

This restructuring does not constitute a business combination and this financial report has been prepared as a continuation of the Samly China group.

Principles of consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Australia Samly Holdings Group Limited ('parent entity') as at 30 June 2013 and the results of all subsidiaries for the year then ended. Australia Samly Holdings Group Limited and its subsidiaries together are referred to in this financial report as the group or the group.



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NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Subsidiaries are all entities over which the group has the power to govern the financial and operating policies, generally accompanying 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.

Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date that control ceases.

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

Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by the group.

Significant accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the result of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

(i) Useful life of intangible assets

The group acquired two patents with the consideration of \$438,128 (RMB 2,500,000) in 2013. According to China's patent rules and regulations, the useful life of patents can be extended by another 10 years when the patents are expired. The group expects to keep using these two patents for minimum 10 years and recognises amortisations based on estimated length of useful life.

Segment reporting

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. This includes start-up operations which are yet to earn revenues. Management will also consider other factors in determining operating segments such as the level of segment information presented to the Board of Directors.

Operating segments have been identified based on the information provided to the chief operating decision makers – being the Board of Directors.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity 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.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently at amortised cost less any impairment losses recognised. Collectability of trade receivables is reviewed on an ongoing basis. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the group will not be able to collect all amounts due.

Trade and other payables

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether or not billed to the group. Trade accounts payable are normally settled within 60 days. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

Employee benefits

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave, and long service leave.

Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. All other employee benefit liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date. In determining the present value of future cash outflows, the market yield as at the reporting date on national government bonds, which have terms to maturity approximating the terms of the related liability, are used.



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NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

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 Australia Samly'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 profit or loss, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

(iii) Group companies

The results and financial position of foreign operations (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 balance sheet presented are translated at the closing rate at the date of that balance sheet,
- income and expenses for each income statement and 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 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, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.



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NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the group's activities as described below. The group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. Revenue is recognised for the major business activities as follows:

(i) *Sale of goods – wholesale*

The group manufactures and sells a range of nutrition products in the wholesale market. Sales of goods are recognised when a group entity has delivered products to the wholesaler, the wholesaler has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products. Delivery does not occur until the products have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the wholesaler, and either the wholesaler has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the group has objective evidence that all criteria for acceptance have been satisfied.

The nutrition products are often sold with volume discounts and customers have a right to return faulty products in the wholesale market. Sales are recorded based on the price specified in the sales contracts, net of the estimated volume discounts and returns at the time of sale. Actual performance is used to estimate and provide for the discounts and returns. The volume discounts are assessed based on actual annual purchases.

(ii) *Interest income*

Interest income is recognised using the effective interest method. When a receivable is impaired, the group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income.

Leases

Operating lease payments are recognised as an expense in the Statement of Profit or Loss and Other Comprehensive Income on a straight-line basis over the lease term.

Inventories

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Cost includes the reclassification from equity of any gains or losses on qualifying cash flow hedges relating to purchases of raw material but excludes borrowing costs. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment

All property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

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. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation on assets is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements and certain leased plant and equipment, the shorter lease term as follows:

<u>PPE Category</u>	<u>Useful life</u>	<u>Residual value</u>	<u>Depreciation rate</u>
Equipment	10	5%	9.50%
Electronic devices	5	5%	19.00%
Motor Vehicles	5	5%	19.00%
Office furniture	5	5%	19.00%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss. When revalued assets are sold, it is group policy to transfer any amounts included in other reserves in respect of those assets to retained earnings.

Intangible assets

(i) Trademarks and licences

Trademarks and licences have a finite useful life and are carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of trademarks and licences over their estimated useful lives, which is 10 years.

(ii) Using rights to land

Using rights to land have a finite useful life and are carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of using rights to land over their estimated useful lives, which is 50 years for industry usage.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Income tax

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

- (a) except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- (b) in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised:

- (a) except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- (b) in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.



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NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the income statement.

Goods and services tax

Revenues, expenses and assets are recognised net of the amount of GST except:

- When the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.
- Receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

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

Earnings per share

Basic earnings per share is calculated by dividing the net earnings attributable to members of the group for the reporting period by the weighted average number of ordinary shares of the group.

New and amended standards adopted by the group

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2012 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods. However, amendments made to AASB 101 Presentation of Financial Statements effective 1 July 2012 now require the Statement of Profit or Loss and Other Comprehensive Income to show the items of comprehensive income grouped into those that are not permitted to be reclassified to profit or loss in a future period and those that may have to be reclassified if certain conditions are met.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

New accounting standards and interpretations that are not yet mandatory

The following standards, amendments to standards and interpretations have been identified as those which may impact the entity in the period of initial application. They have not been applied in preparing this financial report:

- (i) *AASB 9 Financial Instruments, AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9, AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) and AASB 2012-6 Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures (effective from 1 January 2015)*

AASB 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2015 but is available for early adoption. When adopted, the standard is not expected to impact on the group's accounting for financial assets as it does not have any available for sale assets. There will be no impact on the group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the group does not have any such liabilities. The Group has decided not to early adopt AASB 9.

- (ii) *AASB 13 Fair Value Measurement, AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13 (effective from 1 January 2013)*

AASB 13 establishes a single framework for measuring fair value of financial and non-financial items recognised at fair value in the statement of financial position or disclosed in the notes in the financial statements. Additional disclosures are required under the standard for items measured at fair value in the statement of financial position, as well as items merely disclosed at fair value in the notes to the financial statements. This standard is not applicable until 1 January 2013 but is available for early adoption. When adopted, the standard will not have a material impact on the group's financial statements. The Group has decided not to early adopt this amendment.

- (iii) *Revised AASB 119 Employee Benefits and AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 11 (effective from 1 July 2013)*

This standard is not applicable until 1 July 2013 but is available for early adoption. When adopted, the standard is not expected to have a material impact on the group's financial statements as it only has a minimum level of employees. The Group has decided not to early adopt this amendment.

- (iv) *AASB 2011-4 Amendments to Australian Accounting Standard to Remove Individual Key Management Personnel Disclosure Requirements (effective from 1 July 2013)*

This standard makes amendments to AASB 124 Related Party Disclosures to remove the individual key management personnel disclosures requirements with an effective date of 1 July 2013. Early adoption of this standard is not permitted.

- (v) *AASB 2012-5 Annual Improvements to Australian Accounting Standards 2009-2011 Cycle (effective from 1 January 2013)*

This standard makes some necessary changes to IFRSs (IAS1, IAS 16 & IAS 32) and is not applicable until 1 January 2013. When this standard is first adopted for the year ended 30 June 2014, there will be no material impact.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2013

2. FINANCIAL RISK MANAGEMENT

Overview

The Group has exposure to the following risks from their use of financial instruments:

- market risk
- credit risk
- liquidity risk

This note presents information about the group's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

Australia Samly's risk management framework is supported by the Board, management and the Audit and Risk Committee. The Board is responsible for approving and reviewing the group's risk management strategy and policy. Management are responsible for monitoring that appropriate processes and controls are in place to effectively and efficiently manage risk. The Audit and Risk Committee is responsible for identifying, monitoring and managing significant business risks faced by the group and considering the effectiveness of its internal control system. Management and the Audit and Risk Committee report to the Board.

The Board has established an overall Risk Management Policy which sets out the group's system of risk oversight, management of material business risks and internal control.

Financial risk management objectives

The overall financial risk management strategy focuses on the unpredictability of the finance markets and seeks to minimise the potential adverse effects on financial performance and protect future financial security.

The group holds the following financial instruments as at 30 June:

	2013 \$	2012 \$	2011 \$
Financial assets			
Cash and cash equivalents	2,323,532	585,276	390,272
Trade and other receivables	593,363	541,813	411,434
	2,916,895	1,127,089	801,706
Financial liabilities			
Trade and other payables	2,230,359	1,210,615	881,746
Borrowings	2,794,593	370,230	997,499
	5,024,952	1,580,845	1,879,245

Market risk

Market risk is the risk that changes in market prices, such as interest rates and commodity prices will affect the group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising return. There were no changes in the group's market risk management policies from previous years.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

2. FINANCIAL RISK MANAGEMENT (continued)

Interest rate risk

The Group's exposure to interest rates primarily relates to the group's cash and cash equivalents. The group manages market risk by monitoring levels of exposure to interest rate risk and assessing market forecasts for interest rates.

At the reporting date the interest rate profile of the group's interest bearing financial instruments was:

	2013 \$	2012 \$	2011 \$
Variable rate instruments			
Cash at bank	2,318,503	220,717	173,942
Average weighted interest rate	0.19%	0.63%	0.64%
Fixed rate instruments			
Bank term deposits	-	-	-
Borrowings *	525,753	-	-

* Borrowings as at 30 June 2013 are \$2,794,593 (2012: \$370,230, 2011: \$997,499). \$525,753 is borrowings from bank with an interest rate of 5.60% p.a. \$4,196,961 is borrowings from director and shareholders with nil interests.

Cash flow sensitivity analysis for variable rate instruments

A change of 50 basis points in interest rates would have increased or decreased the group's profit by \$11,593 (2012: \$1,104, 2011: \$870). The Board assessed a 50 basis point movement as being reasonably possible based on short term historical movements. This analysis assumes that all other variables remain constant.

Foreign exchange risk

The group does not have material financial instruments in foreign currency. Therefore, it is not materially exposed to foreign currency risk at the end of the reporting period.

Credit risk

Credit risk is the risk of financial loss to the group if a counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the group's cash and cash equivalents. There were no changes in the group's credit risk management policies from previous years.

The group does not hold any credit derivatives to offset its credit exposure.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

2. FINANCIAL RISK MANAGEMENT (continued)

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit rating if available or to historical information about counterparty default rates:

	2013 \$	2012 \$	2011 \$
Cash at bank and short-term bank deposits¹	2,318,503	220,717	173,942
Trade and other receivables²	593,363	541,813	411,434

1. None rating on the counterparty with whom the financial asset is held. Cash at bank and short-term deposits of Samly are kept in major banks with good credit in China.

2. None rating on trade and other receivables. From history records and industry experience, the average turnover days are no longer than 30 days.

Allowance for impairment loss

A provision for impairment loss is recognised when there is objective evidence that an individual receivable is impaired.

Balances within trade and other receivables do not contain assets which are impaired in the statement of profit or loss and other comprehensive income. It is expected that these other balances will be received when due.

Liquidity risk

Liquidity risk arises from the financial liabilities of the group and the group's subsequent ability to meet their obligations to repay their financial liabilities as and when they fall due.

Ultimate responsibility for liquidity risk management rests with the Board of Directors. The Board has determined an appropriate liquidity risk management framework for the management of the group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves and continuously monitoring budgeted and actual cash flows and matching the maturity profiles of financial assets, expenditure commitments and liabilities. There were no changes in the group's liquidity risk management policies from previous years.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

2. FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk (continued)

The following are the contractual maturities of financial liabilities on an undiscounted basis, including estimated interest payments: Cash flows for liabilities without fixed amount or timing are based on conditions existing at year end.

30 June 2013	Carrying amount	Contractual cash flows	1 year	2-5 years	>5 years
Trade and other payables	2,230,359	2,230,359	845,876	1,384,483	-
Borrowings	2,794,593	2,794,593	660,903	2,134,050	-
30 June 2012	Carrying amount	Contractual cash flows	1 year	2-5 years	>5 years
Trade and other payables	1,210,615	1,210,615	1,210,615	-	-
Borrowings	370,230	370,230	370,230	-	-
30 June 2011	Carrying amount	Contractual cash flows	1 year	2-5 years	>5 years
Trade and other payables	881,746	881,746	877,313	4,433	-
Borrowings	997,499	997,499	997,499	-	-

Fair value of financial instruments

The fair value of financial assets and liabilities must be estimated for recognition and measurement or for disclosure purposes.

AASB 7 Financial Instruments Disclosures requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- (b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2), and
- (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

None of the group's assets and liabilities are measured and recognised at fair value at 30 June 2013, 30 June 2012 and 30 June 2011.

The fair value of financial assets and liabilities are determined in accordance with generally accepted pricing models based on estimated future cash flows. The Directors consider that the carrying amounts of financial assets and financial liabilities recorded in the financial statements approximate their fair values.



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NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2013

2. FINANCIAL RISK MANAGEMENT (continued)

Capital management

When managing capital, the Board's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. The Board also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity.

The Board is constantly adjusting the capital structure to take advantage of favourable costs of capital or high return on assets. As the market is constantly changing, management may issue new shares, sell assets to reduce debt or consider payment of dividends to shareholders.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position although there is no formal policy regarding gearing levels.

The Group has no formal financing and gearing policy or criteria during the year having regard to the early status of its development and low level of activity.

There were no changes in the group's approach to capital management during the year.

The Group is not subject to any externally imposed capital requirements.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

3. AUDITOR'S REMUNERATION	2013	2012	2011
	\$	\$	\$
During the year the following fees were paid or payable for services provided by the auditor of the Group and its related practices:			
Audit Services			
BDO Audit (WA) Pty Ltd			
- audit of financial statements	54,327*	-*	-*
BDO China Shu Lun Pan Certified Public Accountants LLP			
- audit of financial statements	99,072*	-*	-*
Other Services			
BDO Corporate Tax (WA) Pty Ltd			
- Taxation report	5,000	-	-
BDO Corporate Finance (WA) Pty Ltd			
- Investigating accountant report	20,000	-	-
	178,399	-	-

* Audit of 2013, 2012 and 2011 performed in 2013 as part of IPO exercise.

4. REVENUE

	2013	Consolidated	2011
	\$	\$	\$
Sale of goods	8,192,238	4,306,396	3,409,658
Sale of raw materials	525,454	974,009	287,838
Interest revenue	4,519	1,394	1,121
	8,722,211	5,281,799	3,698,617

5. OTHER INCOME

	2013	Consolidated	2011
	\$	\$	\$
Government grants	-	-	6,058
Foreign exchange gains	3,779	-	-
	3,779	-	6,058

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

6. COST OF SALES

	Consolidated		
	2013	2012	2011
	\$	\$	\$
Cost of sales	4,579,743	2,449,495	1,922,159
Other cost	525,454	974,009	287,838
	5,105,197	3,423,504	2,209,997

7. PROFIT BEFORE INCOME TAX INCLUDES THE FOLLOWING SPECIFIC EXPENSES:

	Consolidated		
	2013	2012	2011
	\$	\$	\$
<i>Amortisation expense</i>			
Using rights to the land	(4,371)	-	-
Patents and trademarks	(29,018)	-	-
<i>Depreciation expense</i>			
Plant and equipment	(55,074)	(49,097)	(36,191)
<i>Impairment</i>			
Trade debtors	(18,418)	-	-
Employee benefits	(1,172,311)	(769,803)	(669,114)
<i>Finance Costs</i>			
Interest paid/payable	(598)	(301)	(242)
<i>Rental expenses relating to operating leases</i>			
Minimum lease payments	(94,031)	(137,660)	(140,314)
Bad and doubtful debts - current receivables	(56,610)	(20,059)	(3,766)
Net loss on disposal of property, plant and equipment	(142)	(11,244)	-

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

8. INCOME TAX EXPENSES

	Consolidated		
	2013	2012	2011
	\$	\$	\$
Current tax expenses	413,262	201,205	79,891
Deferred tax expenses	(57,551)	(71,882)	(15,105)
Aggregate income tax expense	<u>355,711</u>	<u>129,323</u>	<u>64,786</u>

Numerical reconciliation of income tax expense and tax at the statutory rate

Profit before income tax expense from continuing operations	1,440,776	517,731	356,088
Tax at the China tax rate of 25% (2012:25%, 2011:24%)	<u>360,194</u>	<u>129,433</u>	<u>85,461</u>

Tax effect amounts which are not deductible/(taxable) in calculating taxable income:

Entertainment expenses	2,843	2,732	1,417
Others	(7,326)	(396)	17,532
Differences in tax rates	-	(2,446)	(39,623)
Income tax expense	<u>355,711</u>	<u>129,322</u>	<u>64,786</u>

9. CASH AND CASH EQUIVALENTS

	Consolidated		
	2013	2012	2011
	\$	\$	\$
Cash in hand	5,029	364,559	216,331
Cash at bank	2,318,503	220,717	173,942
	<u>2,323,532</u>	<u>585,276</u>	<u>390,273</u>

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

10. TRADE AND OTHER RECEIVABLES

Current trade and other receivables

	Consolidated		
	2013	2012	2011
	\$	\$	\$
Trade receivables	610,545	374,643	233,061
Less: Provision for doubtful debts	(77,521)	(31,073)	(9,484)
	533,024	343,570	223,577
Other receivables	60,339	198,243	13,279
	593,363	541,813	236,856

Impairment of receivables

The group has recognised a loss of \$56,610 (2012: \$20,059, 2011: 3,766) in respect of provision of impairment for the year ended 30 June 2013.

Movements of provision for doubtful debts:

	Consolidated		
	2013	2012	2011
	\$	\$	\$
Opening balance	31,073	9,484	7,071
Additional provisions recognised	56,610	20,059	3,766
Receivables written off during the year	(18,418)	-	-
Foreign currency translation	8,256	1,530	(1,353)
Closing balance	77,521	31,073	9,484

Non-current trade and other receivables

	Consolidated		
	2013	2012	2011
	\$	\$	\$
Other receivables *	-	-	174,578
	-	-	174,578

* During 2011, a car accident occurred when Shenzhen Vitality Bio-health Technology Co., Ltd organised an employee activity. The entity paid for medical expenses for injured employees and received the claim from the insurance company in 2012 and 2013.



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NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

11. INVENTORIES

	Consolidated		
	2013	2012	2011
	\$	\$	\$
Raw materials	1,942,725	1,368,317	980,041
Finished goods	763,600	679,194	580,296
	2,706,325	2,047,511	1,560,337

12. PAYMENT IN ADVANCE

	Consolidated		
	2013	2012	2011
	\$	\$	\$
Payment in advance	459,589	262,877	136,653
	459,589	262,877	136,653

Payment in advance is payment to suppliers of raw materials.

13. OTHER CURRENT ASSETS

	Consolidated		
	2013	2012	2011
	\$	\$	\$
Prepayments	91,130	-	-
Advertisement contracts	44,104	-	159,022
	135,234	-	159,022

In 2013, other current assets materially are prepaid production costs of a video to promote Australia Samly's nutrition products.

In addition, the group's operating entities in China signed long term and short term contracts to advertise group's brand and products. According to the contracts, full payments are required before service providing. Therefore, the entities recognised payment in advance when full payments were made and expensed the amounts when services were received in subsequent periods.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

14. PROPERTY, PLANT AND EQUIPMENT

	Consolidated		
	2013 \$	2012 \$	2011 \$
Plant and equipment - at cost	890,911	472,346	454,480
Less: Accumulated depreciation	(203,656)	(118,913)	(72,340)
	<u>687,255</u>	<u>353,433</u>	<u>382,140</u>
Plant and equipment under construction	3,707,227	-	-
	<u>4,394,482</u>	<u>353,433</u>	<u>382,140</u>

	Plant under construction	Furniture & Fixtures	Plant & Equipment	Motor Vehicles	Total
Consolidated					
Balance as at 1 July 2010	-	30,999	267,051	-	298,050
Additions	-	-	402,318	-	402,318
Disposals	-	(129)	(219,941)	-	(220,070)
Depreciation expense	-	(5,764)	(36,191)	-	(41,955)
Foreign currency translation	-	(4,915)	(51,288)	-	(56,203)
Balance as at 30 June 2011	-	<u>20,191</u>	<u>361,949</u>	-	<u>382,140</u>
Balance as at 1 July 2011	-	20,191	361,949	-	382,140
Additions	-	-	5,172	-	5,172
Disposals	-	-	(11,244)	-	(11,244)
Depreciation expense	-	(5,786)	(49,097)	-	(54,883)
Foreign currency translation	-	1,617	30,630	-	32,247
Balance as at 30 June 2012	-	<u>16,022</u>	<u>337,410</u>	-	<u>353,432</u>
Balance as at 1 July 2012	-	16,022	337,410	-	353,432
Additions	3,296,132	-	136,309	191,481	3,623,922
Disposals	-	-	(142)	-	(142)
Depreciation expense	-	(5,916)	(55,074)	(5,170)	(66,160)
Foreign currency translation	411,095	1,063	48,035	23,237	483,430
Balance at 30 June 2013	<u>3,707,227</u>	<u>11,169</u>	<u>466,538</u>	<u>209,548</u>	<u>4,394,482</u>

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

15. INTANGIBLES

	2013	Consolidated 2012	2011
	\$	\$	\$
Rights to use the land-at cost	235,650	-	-
Less: Accumulated amortisation	(4,371)	-	-
	<u>231,279</u>	<u>-</u>	<u>-</u>
Patents and trademarks - at cost	438,128	-	-
Less: Accumulated amortisation	(29,018)	-	-
	<u>409,110</u>	<u>-</u>	<u>-</u>
	<u>640,389</u>	<u>-</u>	<u>-</u>
	Land	Patents and trademarks	Total
Consolidated			
Balance at 30 June 2012	-	-	-
Acquisitions	209,518	389,544	599,062
Amortisation expense	(4,371)	(29,018)	(33,389)
Foreign currency translation	26,131	48,584	74,715
Balance as at 30 June 2013	231,278	409,110	640,388

16. DEFERRED TAX ASSETS

	2013	Consolidated 2012	2011
	\$	\$	\$
<i>Deferred tax asset comprises temporary differences attributable to:</i>			
Amounts recognised in profit or loss and other comprehensive income:			
Doubtful debts	19,400	7,768	2,276
Tax losses*	<u>146,477</u>	<u>83,160</u>	<u>12,968</u>
	<u>165,877</u>	<u>90,929</u>	<u>15,244</u>
Movements of amount recognised in profit or loss			
Opening balance	90,929	15,244	991
Credited to profit or loss	57,551	71,882	15,105
Foreign currency translation	<u>17,397</u>	<u>3,802</u>	<u>(852)</u>
Closing balance	165,877	90,929	15,244

* According to tax regulations in China, each entity (subsidiary) is a separate reporting entity. Some subsidiaries made losses during 2013, 2012 and 2011; therefore, these tax losses can be carried forward for 5 years.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

17. OTHER NON-CURRENT ASSETS

	2013	Consolidated 2012	2011
	\$	\$	\$
Long-term prepaid expenses	120,306	196,929	40,960
	120,306	196,929	40,960

The group's operating entities in China signed long term and short term contracts to advertise group's brand and products. According to the contracts, full payments are required before service providing. Therefore, the entities recognised payment in advance when full payments were made and expensed the amounts when services were received.

18. TRADE AND OTHER PAYABLES

Current trade and other payables

	2013	Consolidated 2012	2011
	\$	\$	\$
Trade payables	763,109	807,166	602,640
Other payables	65,242	151,377	57,825
Other payables - shareholders	17,525	-	-
Other payables – director *	-	252,072	216,848
	845,876	1,210,615	877,313

Non-current trade and other payables

	2013	Consolidated 2012	2011
	\$	\$	\$
Trade payables	-	-	4,433
Other payables – director *	1,384,483	-	-
	1,384,483	-	4,433

* Refer note 28 of related party transactions for details.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

19. BORROWINGS

Current

	2013	Consolidated 2012	2011
	\$	\$	\$
Bank loans *	525,753	-	-
Loan from director **	135,150	370,230	997,499
	660,903	370,230	997,499

Non-current

	2013	Consolidated 2012	2011
	\$	\$	\$
Loan from director **	732,041	-	-
Loan from shareholders **	1,402,008	-	-
	2,134,050	-	-
	2,794,953	370,230	997,499

* Shenzhen Vitality Bio-health Technology Co., Ltd borrowed RMB 3 million from China Resources Bank Of Zhuhai Co., Ltd on 27 June 2013. The loan will be paid back on 25 December 2013 with an interest rate of 5.60% p.a.

** Loan from director and shareholders is interest free. The amount of \$2,134,050 is due to be paid before 31 December 2014. Refer note 28 of related party transactions for details.

20. DEFERRED REVENUE

	2013	Consolidated 2012	2011
	\$	\$	\$
Deferred revenue	2,636,717	745,040	641,353
	2,636,717	745,040	641,353

Australia Samly requires customers (retailers) to make payments before goods delivery. Sales of goods are recognised when a group entity has delivered products to the wholesaler.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

21. TAXES PAYABLES

	2013	Consolidated 2012	2011
	\$	\$	\$
Income tax payable	637,789	295,901	83,745
Sales tax payable	1,253,065	676,129	154,276
	1,890,854	972,030	238,021

Income tax payable	2013	2012	2011
	\$	\$	\$
Opening balance	295,901	83,745	21,451
Amount payable during the year	413,245	201,205	79,892
Amount paid during the year	(138,837)	(3,269)	(10,877)
Foreign currency translation	67,480	14,220	(6,721)
Closing balance	637,789	295,901	83,745

Sales tax payable	2013	2012	2011
	\$	\$	\$
Opening balance	676,129	154,276	27,055
Amount payable during the year	679,155	583,474	301,823
Amount paid during the year	(233,758)	(92,109)	(163,811)
Foreign currency translation	131,539	30,488	(10,791)
Closing balance	1,253,065	676,129	154,276

22. PROVISIONS

	2013	Consolidated 2012	2011
	\$	\$	\$
Employee benefits opening balance	60,268	50,561	61,172
Increase during the year	1,172,309	769,803	669,114
Amount paid during the year	(1,107,344)	(764,805)	(669,516)
Foreign currency translation	14,875	4,709	(10,209)
Closing balance	140,108	60,268	50,561

23. CONTRIBUTED EQUITY

	2013	Consolidated 2012	2011
	\$	\$	\$
Ordinary shares - fully paid	3,781	211,340	205,139



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NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2013

(a) Ordinary shares

The following movements in ordinary share capital occurred during the year:

Australia Samly Holdings Group Limited issued 30,000,000 numbers of ordinary shares on 17 June 2013.

Ordinary shares entitle the holder to participate in dividends and the proceeds from winding up of the group in proportion to the number and amounts paid on the shares held.

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

Ordinary shares have no par value and the group does not have a limited amount of authorised capital.

(b) Options

No options were granted before 30 June 2013.

(c) Reserves

Exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income as described in note 1 *Foreign Currency Translation* and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

In addition, according to laws and regulations in China, the group chooses to keep 10% of retained earnings in reserves each year.

(d) Capital management

The group's objectives when managing capital are disclosed in Note 2.

	2013 \$	2012 \$	2011 \$
24. ACCUMULATED PROFITS			
Accumulated profits / (losses) at the beginning of the year	497,988	109,580	(181,721)
Net profit for the year	1,085,065	388,408	291,301
Accumulated profits at the end of the year	1,583,053	497,988	109,580



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NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2013

25. COMMITMENTS AND CONTINGENCIES

Operating lease commitments

The group has entered into commercial leases on its offices and factory.

Future minimum rentals payable under the non-cancellable operating lease as at 30 June are as follows:

	2013 \$	2012 \$	2011 \$
Within one year	188,552	-	-
After one year but not more than five years	106,394	-	-
	<u>294,946</u>	<u>-</u>	<u>-</u>

Remuneration commitments

Commitments for the payment of salaries and other remuneration under long-term employment contracts in existence at the reporting date but not recognised as liabilities, payable:

	2013 \$	2012 \$	2011 \$
Within one year	61,704	-	-
After one year but not more than five years	98,866	-	-
	<u>158,570</u>	<u>-</u>	<u>-</u>

Amounts disclosed as remuneration commitments include commitments arising from the employment agreements of directors and executives referred to in the Remuneration Report of the Directors' Report that are not recognised as liabilities and are not included in the compensation of key management personnel.

As Mr Liangchao Chen does not have a fixed term of contract with the group. Therefore, remuneration commitments as at 30 June 2013 do not include Mr Liangchao Chen's salary.

Contingencies

The group does not have any contingent liabilities at balance and reporting dates.

26. EARNINGS PER SHARE

Basic and diluted earnings per share

The calculation of basic profit per share at 30 June 2013 was based on the following:

	2013 \$	2012 \$	2011 \$
Profit attributable to ordinary shareholders			
Net profit for the year	<u>1,085,065</u>	<u>388,408</u>	<u>291,301</u>
	Number	Number	Number
Weighted average number of ordinary shares	<u>30,000,000</u>	<u>30,000,000</u>	<u>30,000,000</u>

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

Diluted earnings per share must be calculated where potential ordinary shares on issue are dilutive. As the potential ordinary shares on issue would decrease the loss per share in the current period, they are not considered dilutive, and not shown. The number of ordinary shares is set out in Note 23. No dilutive potential ordinary shares on issue as at 30 June 2013.

27.SEGMENT REPORTING

Management has determined the operating segments based on the reports reviewed by the Board that are used to make strategic decisions. The Board has determined that the group has three reportable segments.

Shenzhen Vitality Bio-health
Technology Jiangsu Co., Ltd
Shenzhen Shenxiantang Technology
Development Co., Ltd
Shenzhen Vitality Bio-health
Technology Co., Ltd

Production companies:

- Shenzhen Vitality Bio-health Technology Co., Ltd the Group's main manufacturing entity since 2011.
- Shenzhen Vitality Bio-health Technology Jiangsu Co., Ltd has the manufacturing factory constructed in 2013.
- Shenzhen Shenxiantang Technology Development Co., Ltd's transactions are limited in 2013. The entity purchased finished goods from Shenzhen Vitality Bio-health Technology Co., Ltd and sold to retailers.

Shenzhen New Life Biological
Technology Co., Ltd

New life: The entity purchases finished goods from the manufacturing entities and sells to retailers.

Shenzhen Samly Technology
Development Co., Ltd

Technology: The entity was the main manufacturing entity before 2011. After Bio-health Technology became the main manufacturing entity in 2011, the entity purchases finished goods from the manufacturing entities and sells to retailers.

30/06/2013	Technology	New life	Production companies	Total	Recycled amount
	\$	\$	\$		\$
Segment revenue	761,847	126,100	7,838,043	8,725,990	-
Segment result	(119,157)	2,974	1,198,847	1,085,064	2,400
Segment assets	1,093,836	112,425	10,325,850	11,539,097	6,986
Segment liabilities	766,152	134,411	5,990,620	9,695,201	2,804,018*
30/06/2012	Technology	New life	Production companies	Total	Recycled amount
	\$	\$	\$		\$
Segment revenue	1,516,290	187,937	3,577,572	5,281,799	-
Segment result	(209,214)	24,484	573,138	388,408	-
Segment assets	347,500	209,585	3,387,552	4,078,768	134,130
Segment liabilities	583,151	36,473	2,358,743	3,358,183	379,816

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

30/06/2011	Technology	New life	Production companies	Total	Recycled amount
	\$	\$	\$		\$
Segment revenue	2,622,114	499,078	583,483	3,704,675	-
Segment result	127,299	178,868	(14,866)	291,301	-
Segment assets	586,231	168,778	2,341,054	3,096,063	-
Segment liabilities	789,875	90,781	1,711,675	2,809,180	216,849

* \$2,804,017 (RMB 16,000,000) is other accounts payable to shareholders.

28. KEY MANAGEMENT PERSONNEL

Key management personnel compensation

	2013 \$	2012 \$	2011 \$
Short-term employee benefits	61,123	-	-
Post-employment benefits	3,612	-	-
Total compensation	64,735	-	-

Detailed remuneration disclosures are provided in the Remuneration report on pages 7 to 10.

Equity holdings of key management personnel

Shares

The movement during the year in the number of ordinary shares in Samly held, directly, indirectly or beneficially by each key management person, is as follows:

2013	Held at 1 July 2012	Held at date of appointment	Purchases	Granted as remuneration	Disposals	Held at date of resignation	Held at 30 June 2013
Directors							
Liangchao Chen		N/A	-	-	-	N/A	21,300,000
Pin Yin		N/A	-	-	-	N/A	4,500,000
Hui Li		N/A	-	-	-	N/A	3,600,000

Options and rights over equity instruments

No option was issued during past years.

No shares or options were granted to key management personnel during the year as compensation.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

28. KEY MANAGEMENT PERSONNEL (continued)

Other transactions with key management personnel

A number of key management persons, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities.

A number of those entities transacted with the group during the year. The terms and conditions of those transactions were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to unrelated entities on an arm's length basis.

The aggregate amounts recognised during the year relating to key management personnel and their related parties were as follows:

Director/ Executive	Transaction	Transactions value year ended 30 June			Balance outstanding as at 30 June		
		2013 \$	2012 \$	2011 \$	2013 \$	2012 \$	2011 \$
Liangchao Chen	Loan to the Group	-	-	-	867,191	370,230	997,499
Liangchao Chen	Other payables	-	-	-	1,384,483	252,072	216,848
Liangchao Chen	Rent received / receivable from the Group	-	13,285	13,203	-	-	-

Notes in relation to the table of related party transactions:

	2013 \$	2012 \$	2011 \$
Loan to the Group			
Beginning of the year	370,230	997,499	277,739
Loans advanced	1,335,924	7,877	766,195
Loan repayments	(880,573)	(724,706)	-
Foreign currency translation	41,610	89,560	(46,435)
End of year	867,191	370,230	997,499
	2013 \$	2012 \$	2011 \$
Other payables			
Beginning of the year	252,072	216,848	-
Other payables advanced	1,384,483	15,754	216,848
Other payables repayments	(252,072)	-	-
Foreign currency translation	-	19,470	-
End of year	1,384,483	252,072	216,848

Loan to the Group is interest free. As at 30 June 2013, \$732,041 is due to be paid before 31 December 2014 and \$135,150 is due to be paid before 30 June 2014.

Other payables arise as a result of group restructuring. \$1,384,483 is due to be paid before 31 December 2014.



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NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

28. KEY MANAGEMENT PERSONNEL (continued)

Other transactions with director Chen including:

Patent usage rights granted by Liangchao Chen

Shenzhen Vitality Bio-health Technology Co., Ltd is authorised by Liangchao Chen to use a patent named "bottle" (Patent No. ZL200630018719.4) that is registered under Liangchao Chen's name for nil consideration until 30 June 2016.

Logo usage rights granted by Liangchao Chen

As a related party transaction, Shenzhen Vitality Bio-health Technology Co., Ltd is authorised by Liangchao Chen to use the following PRC logos that are registered under Liangchao Chen's name for nil consideration until 30 June 2016:

Logo No. 3861252, Logo No. 4907349, Logo No. 5066829, Logo No. 5041109, Logo No. 5571898, Logo No. 3861251, Logo No. 4907350, Logo No. 5685116 and Logo No. 1953449.

Share transfer agreements with dealers

Currently, Director Liangchao Chen and Shenzhen Vitality Bio-health Technology Co., Ltd are parties to separate Share Transfer Agreements with each of the following key product distributors* of Shenzhen Samly:

1. Langfang Yixiaotang pharmaceutical retail chain Co., Ltd (廊坊市一笑堂医药零售连锁有限公司)
2. Jiangxi Tianshun Pharmaceutical Co., Ltd (江西天顺医药有限公司)
3. Handan Guangde Trade Co., Ltd (邯郸市广德贸易有限公司)
4. Changzhou Hengtai medicine chain Co., Ltd (常州市恒泰医药连锁有限公司)
5. Linyi Shangmei Trading Co. Ltd (临沂尚美商贸有限公司)
6. Meizhou Bincheng Trading Co. Ltd (梅州市彬诚贸易有限公司)
7. Jinan Kangmaisi Trading Co. Ltd (济南康麦斯经贸有限公司)
8. Yanbian Huizhong Pharmaceutical Co., Ltd (延边惠众医药有限公司)
9. Zhuhai Jia Baohua Pharmaceutical Co., Ltd (珠海市嘉宝华医药有限公司)
10. Chengdu tiankangyuan Biotechnology Co., Ltd (成都天康源生物科技有限公司)
11. Shenzhen Sidaxi Biological Technology Co. Ltd (深圳市斯达西生物科技有限公司)
12. Hubei kangmeiyuan Trading Co. Ltd (湖北康美源贸易有限公司)
13. Shijiazhuang Dongfangjiacheng Trading Co. Ltd (石家庄东方嘉诚贸易有限公司)
14. Hui Li (李辉)
15. Guoxin (Fujian) Investment Limited (国心(福建)投资有限公司)
16. Guangdong Nanfangkangyuan Pharmaceutical Co., Ltd (广东南方康源医药有限公司)

* The English translation of the relevant companies' names is for reference only. The official names of these companies are in Chinese.

The Share Transfer Agreements were entered into in 2012 based on the prior understanding and agreement between Director Chen and the relevant distributors as a way of incentivising the distributors to achieve sales of Shenzhen Samly's products.

NOTES TO THE FINANCIAL STATEMENTS
 for the year ended 30 June 2013

28. KEY MANAGEMENT PERSONNEL (continued)

Under each Share Transfer Agreement, Liangchao Chen has agreed to transfer some of the existing shares he holds (directly or indirectly) in the Company to the key distributors of the Group's products for nil consideration at a stipulated future date in 2015 (refer to table below) should the relevant dealer party to the Share Transfer Agreement achieve the stipulated sales volume in accordance with the relevant Share Transfer Agreement and Shenzhen Samly's policy in relation to share incentives for distributors, details of which are set out in the table below.

Distributor No.	Minimum target per year (RMB '0000)	Target sales for Year 1 (RMB '0000)	Target sales for Year 2 (RMB '0000)	Target sales for Year 3 (RMB '0000)	Percentage of Director Chen's Shares to be transferred if the target sales volume is achieved (in aggregate over the 3 years)	Proposed date of transfer by Director Liangchao Chen to the relevant distributor if the target sales volume is achieved (in aggregate over the 3 years)
1.	420	600	600	600	1%	6/10/2015
2.	420	600	600	600	1%	1/12/2015
3.	420	600	600	600	1%	25/10/2015
4.	420	600	600	600	1%	1/11/2015
5.	294	420	420	420	0.70%	22/11/2015
6.	420	600	600	600	1%	27/10/2015
7.	294	420	420	420	0.70%	30/10/2015
8.	294	420	420	420	0.70%	13/11/2015
9.	420	600	600	600	1%	20/11/2015
10.	420	600	600	600	1%	23/11/2015
11.	120	160	160	160	0.50%	24/11/2015
12.	420	600	600	600	1%	28/12/2015
13.	294	420	420	420	0.70%	6/12/2015
14.	420	600	600	600	1%	6/01/2016
15.	294	420	420	420	0.70%	20/02/2016
16.	294	420	420	420	0.70%	12/11/2015
Total	5,664	8,080	8,080	8,080	14%	

Whilst Shenzhen Samly is a party to the agreement, Shenzhen Samly has no positive obligations under the Share Transfer Agreement to approve or endorse the proposed transfer described in the Share Transfer Agreement.

The provisions of the Share Transfer Agreement are subject to the applicable laws of Australia and PRC in respect of the transfer of shares in a listed company. If the relevant dealer party to the Share Transfer Agreement does not comply with any terms and conditions of Shenzhen Samly's policy in relation to the share incentive for distributors or the applicable laws or policies, the relevant Share Transfer Agreement will automatically terminate and Mr Chen is no longer required under the agreement to transfer any of his shares in the Company to the dealers. Each distributor who is a party to the Share Transfer Agreement has the ability to terminate the Share Transfer Agreement without cause prior to the date of proposed Share transfer by Director Chen to the relevant distributor party, subject to the distributor party paying to Mr Chen compensation for any damages which resulted from the termination.



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NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

28. KEY MANAGEMENT PERSONNEL (continued)

As at 30 June 2013 no distributor had met the sales target. The transaction represents a share based payment in accordance with AASB 2 "Share Based Payment" and is in all aspects similar to a contractual volume rebate agreement, whereby customers receive rebates or cash payments if they meet set sales targets.

As at 30 June 2013 it is determined that is not probable that stipulated sales targets will be met and key distributors will not receive shares from Mr Chen, according no share based payment expense has been recognised.

Share transfer agreements with consultants

As at 30 June 2013, Director Liangchao Chen and Shenzhen Vitality Bio-health Technology Co., Ltd are parties to share transfer agreement with Shenzhen Rong De Enterprise Management Consultant Co., Ltd (深圳市容德企业管理咨询顾问有限公司)*.

* The English translation of the relevant companies' names is for reference only. The official names of these companies are in Chinese.

Under the agreement, apart from a cash payment of RMB 370,000 from Shenzhen Vitality Bio-health Technology Co., Ltd to Shenzhen Rong De Enterprise Management Consultant Co., Ltd for consulting services provided, Director Chen also agreed to transfer 1% of the total issued shares in the Company before successful IPO to Shenzhen Rong De Enterprise Management Consultant Co., Ltd for the services provided in respect of the IPO process. These shares are existing shares he holds (directly or indirectly). In addition, Shenzhen Vitality Bio-health Technology Co., Ltd will make a payment of RMB 1,500,000 to Shenzhen Rong De Enterprise Management Consultant Co., Ltd if Australia Samly can be listed successfully.

Subsequent to 30 June 2013, Director Liangchao Chen, Shenzhen Vitality Bio-health Technology Co., Ltd and Shenzhen Rong De Enterprise Management Consultant Co., Ltd amended the agreement. Under the amended agreement, all services provided worth of RMB 370,000 will be rewarded by cash from Shenzhen Vitality Bio-health Technology Co., Ltd to Shenzhen Rong De Enterprise Management Consultant Co., Ltd. The payment of RMB 1,500,000 is still enforceable subject to the same terms and conditions and successful IPO.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

29. RECONCILIATION OF CASH FLOWS USED IN OPERATING ACTIVITIES

	2013	Consolidated 2012	2011
	\$	\$	\$
Cash flows from operating activities			
Profit after tax and interest	1,085,065	388,408	291,301
Provision for doubtful debts write off	56,610	20,059	3,766
Depreciation and amortisation	88,463	49,097	36,191
Net (gain)/loss on sale of property, plant and equipment	142	11,244	-
(Increase)/decrease in trade debtors	(48,860)	(110,459)	(512,106)
(Increase)/decrease in prepayments	(148,630)	(110,222)	168,122
(Increase)/decrease in inventories	(381,159)	(335,714)	224,000
Increase in deferred tax assets	(57,551)	(71,882)	(15,105)
(Increase)/decrease in other operating assets	(28,270)	26,127	112,252
Increase/(decrease) in trade creditors	(347,703)	117,962	(877,539)
Increase/(decrease) in employee benefits	64,964	4,998	(402)
Increase/(decrease) in current tax liability	719,804	689,301	207,027
Increase in other operating liabilities	78,679	168,156	(248,731)
Cash generated from / (used in) operations	1,081,553	847,074	(611,224)

There were no non-cash investing and financing activities during the financial year.

30. EVENTS SUBSEQUENT TO REPORTING DATE

- On 21 June 2013, Shenzhen Samly and Ping An Bank Co., Ltd (Shenzhen Branch) ("Pin An Bank") signed a loan agreement for an amount of RMB 3 million. The period of the loan is 1 July 2013 to 1 July 2014. The interest rate applicable for the loan is the fixed rate of 7.80% per annum, with the rate adjusted quarterly in accordance with the loan agreement.

31. SUBSIDIARIES

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

Name of entity	Country of incorporation	Equity holding		
		2013 %	2012 %	2011 %
Samly (Int'l) Bio-tech Co., Limited	Hong Kong	100	100	N/A
Feng Guang Tai Hardware Model				
(Shenzhen) Co., Ltd	China	100	N/A	N/A
Shenzhen Vitality Bio-health	China			
Technology Co., Ltd		100	100	100
Shenzhen Vitality Bio-health				
Technology Jiangsu Co., Ltd	China	100	N/A	N/A
Shenzhen Shengxiantang Technology				
Development Co., Ltd	China	100	100	100
Shenzhen New Life Biological				
Technology Co., Ltd	China	100	100	100
Shenzhen Samly Technology				
Development Co., Ltd	China	100	100	100



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NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2013

Australia Samly holds 100% in Samly (Int'l) Bio-tech Co., Limited (Company Number 1812692) ("Samly International"), a company registered in Hong Kong. Samly International in turn holds 100% of the issued share capital in Feng Guang Tai Hardware Model (Shenzhen) Co., Ltd, a PRC holding company and wholly-owned foreign company (WFOE). Samly International and the WFOE are not operating entities.

The WFOE holds Shenzhen Samly, the Group's main operating company. Shenzhen Samly directly owns four wholly-owned PRC companies:

- Shenzhen Vitality Bio-health Technology Jiangsu Co., Ltd - founded in July 2012 with registered capital at 15 million RMB, registered at Ruisheng Avenue, Yongjia road, economic development zoon, Shuyang, Jiangsu. Its main business activity is the research and development of biological products.
- Shenzhen Shenxiantang Technology Development Co., Ltd - founded in February 2012 with registered capital at 100,000 RMB, registered at Room 413, block B, century holiday plaza, Shennan road, Nanshan district, Shenzhen. Its main business activity is import and export trading.
- Shenzhen New Life Biological Technology Co., Ltd - founded in November 2005 with registered capital at 500,000 RMB registered at Block B, Dazhi industry park, Tangwei community, Guangming new district, Shenzhen. Its main business activity is the wholesale of pre-packaged food products.
- Shenzhen Samly Technology Development Co., Ltd - founded in 2003 with registered capital at 1 million RMB, registered at Room 403, block B, century holiday plaza, Shennan road, Nanshan district, Shenzhen. Its main business activity is the wholesale of health food.

32. PARENT GROUP INFORMATION

Australia Samly Holdings Group Limited is established in June 2013. By the end of 30 June 2013, there are no transactions in the Company.



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In the opinion of the directors of Australia Samly Holdings Group Limited:

- (a) the financial statements and notes set out on pages 19 to 57, are 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 2013 and of its performance, for the financial year ended on that date; and
 - (ii) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
- (b) the financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board; and
- (c) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations from the Executive Chairman and Executive Director required by section 295A of the *Corporations Act 2001* for the year ended 30 June 2013. In accordance with section 295A, the Executive Chairman and Executive Director declared that:

- (i) the financial records of the Group have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;
- (ii) the financial statements and notes comply with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001* in all material respects;
- (iii) the financial statements and notes give a true and fair view, in all material respects, of the financial position and performance of the Group.

Dated at Shenzhen this 2nd day of December 2013.

Signed in accordance with a resolution of the directors.

Liangchao Chen *Executive Chairman*



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INDEPENDENT AUDITOR'S REPORT

To the members of Australia Samly Holdings Group Limited

Report on the Financial Report

We have audited the accompanying financial report of Australia Samly Holdings Group Limited, which comprises the consolidated statement of financial position as at 30 June 2013, 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, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. 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.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view 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 company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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



Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Australia Samly Holdings Group Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

- (a) the financial report of Australia Samly Holdings Group Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2013. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Australia Samly Holdings Group Limited for the year ended 30 June 2013 complies with section 300A of the *Corporations Act 2001*.

BDO Audit (WA) Pty Ltd

A handwritten signature in black ink, appearing to read 'Wayne Basford', is written over a horizontal line.

Wayne Basford
Director

Perth, 2 December 2013

