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CORPORATE DIRECTORY

DIRECTORS

Executive Director	LIANGCHAO CHEN
Non-Executive Director	COLIN GUANG ZHENG
Non-Executive Director	ZHIMIN XIONG
Executive Director	PENG YU
Executive Director	ENHUA HUANG

GROUP SECRETARY

JIAJUN LI
PIN YIN

PRINCIPAL PLACE OF BUSINESS

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

REGISTERED OFFICE

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SHARE REGISTRY

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SOLICITOR

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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 Waverly, VIC 3150

STOCK EXCHANGE

APX Trading Code: 8SA

WEBSITE

www.samly.net

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 half year ended 31 December 2013.

Directors

The names of persons who were directors of Australia Samly Holdings Group Limited during the whole of the half-year and up to the date of this report are:

LIANGCHAO CHEN (Executive director & Chairman)
COLIN GUANG ZHENG (Independent & Non-Executive director)
ZHIMIN XIONG (Independent & Non-Executive director)
PENG YU (Executive director & Chief Executive Officer)
ENHUA HUANG (Executive director & Chief Financial Officer)

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 \$402,135 (31 December 2012: \$461,760). Gross sales increased by 133% during the half year ended 31 December 2013 compared with half year ended 31 December 2012 and net income amounted to \$601,533 (2012: \$595,127) accordingly.

With the predicted upturn in the economy and continued profitability of the group, sales expense such as advertising and the brand expenditures are expected to decrease significantly during the year ending 30 June 2014 from current cash on deposit and future earnings, without necessarily reducing potential dividend payments.

On 11 November 2013, a subsidiary of the group, Shenzhen Vitality Bio-health Technology Jiangsu Co., Ltd, received production certificate from local government and began to produce soft capsule products in the same month. By the end of 2013, total revenue realised by Shenzhen Vitality Bio-health Technology Jiangsu Co., Ltd was RMB 1,402,070 or approximately \$247,549 (2012: \$0).

On 6 December 2013, the name of Feng Guangtai hardware mould (Shenzhen) Co., Ltd was changed to Oriental Samly Trading (Shenzhen) Co., Ltd. This company is the 100% parent of the group's subsidiaries in China which included Shenzhen Vitality Bio-health Technology Jiangsu Co., Ltd, Shenzhen Shenxiantang Technology Development Co., Ltd, Shenzhen Vitality Bio-health Technology Co., Ltd, Shenzhen New Life Biological Technology Co., Ltd and Shenzhen Samly Technology Development Co., Ltd during the half year.

DIRECTORS' REPORT

Review of financial results

A summary of the consolidated revenues and results by significant industry segment is set out below:

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. For details on segmentation, please refer to note

31/12/2013	Technology	New life	Production companies	Total	Unallocated (Corporate)
	\$	\$	\$	\$	\$
Segment revenue	769,287	107,305	6,542,193	7,418,786	-
Segment result	154,597	(14,611)	265,513	402,135	(4,364)
Segment assets	1,273,132	137,218	11,385,695	12,804,109	8,064
Segment liabilities	946,038	154,076	6,392,890	10,488,184	2,995,178
31/12/2012	Technology	New life	Production companies	Total	Unallocated (Corporate)
	\$	\$	\$	\$	\$
Segment revenue	543,222	70,530	2,571,163	3,184,916	-
Segment result	(10,164)	13,810	468,212	461,761	(10,098)
Segment assets	322,092	99,427	7,095,676	7,523,243	6,048
Segment liabilities	373,538	22,731	3,675,630	4,071,898	-

Matters subsequent to the end of the half year: Initial Public Offering

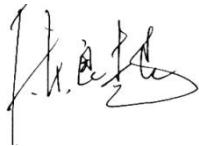
On 6 March 2014, Australia Samly completed its initial public offering and was listed on the Asia Pacific Exchange Limited (APX), successfully raising gross proceeds of \$4,636,500, for a price of \$1.00 per share issuing 4,636,500 shares for a cost of approximately \$1,277,436.

Lead auditor's independence declaration

The lead auditor's independence declaration is set out on page 5 and forms part of the directors' report for the six months ended 31 December 2013.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and behalf of the directors by:

Executive Chairman

A handwritten signature in black ink, appearing to be 'Liangchao Chen', written in a cursive style.

Mr Liangchao Chen
Shenzhen, China

Dated on 15th day of March 2014

AUDITOR'S INDEPENDENCE DECLARATION



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Australia

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

As lead auditor for the review of Australia Samly Holdings Group Limited for the half-year ended 31 December 2013, I declare that, to the best of my knowledge and belief, there have been:

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

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

A handwritten signature in black ink, appearing to read 'Wayne Basford', with a long horizontal flourish extending to the right.

Wayne Basford
Director

BDO Audit (WA) Pty Ltd
Perth, 14 March 2014

BDO Audit (WA) Pty Ltd ABN 79 112 284 787 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit (WA) Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation (other than for the acts or omissions of financial services licensees) in each State or Territory other than Tasmania.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**
For the Half Year Ended 31 December 2013

		Consolidated 31 December 2013 \$	31 December 2012 \$
Revenue from continuing operations			
Sales	4	7,418,785	3,184,916
Other income	5	8,518	4,183
Expenses			
Cost of sales	6	3,944,696	1,919,340
Other expenses from ordinary activities			
Employee benefits		885,143	275,164
Sales expenses		588,540	124,495
Marketing		794,950	38,531
Other expenses		10,191	153
General administration		566,692	198,090
Finance costs		35,538	37,947
Profit before income tax expense from continuing operations		601,533	595,127
Income tax expense		199,418	133,367
Profit after income tax expense for the year		402,135	461,760
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		109,765	17,374
Other comprehensive income for the year, net of tax			
Total comprehensive income for the year		511,900	479,134
Earnings per Share – basic		0.013	0.015
Earnings per Share – dilutive		0.013	0.015

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2013

	Note	Consolidated 31 December 2013 \$	30 June 2013 \$
Assets			
Current assets			
Cash and cash equivalents		3,540,251	2,323,532
Trade and other receivables		1,088,938	593,363
Inventories		1,484,227	2,706,325
Payment in advance		968,602	459,589
Other current assets		99,830	135,234
Total current assets		<u>7,181,848</u>	<u>6,218,043</u>
Non-current assets			
Trade and other receivables			-
Property, plant and equipment	8	4,708,819	4,394,482
Intangibles		648,176	640,388
Deferred tax assets		146,885	165,877
Other non-current assets		118,381	120,306
Total non-current assets		<u>5,622,261</u>	<u>5,321,053</u>
Total assets		<u>12,804,109</u>	<u>11,539,096</u>
Liabilities			
Current liabilities			
Trade and other payables		1,036,280	845,876
Borrowings		553,128	660,903
Deferred revenue		2,587,909	2,636,717
Income tax payable		602,645	637,789
Other tax payable		1,638,497	1,253,065
Provisions		189,249	140,108
Other current liabilities		2,085	2,210
Total current liabilities		<u>6,609,793</u>	<u>6,176,668</u>
Non-current liabilities			
Trade and other payables		888,375	1,384,483
Borrowings		2,950,016	2,134,050
Total non-current liabilities		<u>3,838,391</u>	<u>3,518,533</u>
Total liabilities		<u>10,488,184</u>	<u>9,695,201</u>
Net assets		<u>2,355,925</u>	<u>1,843,896</u>
Equity			
Contributed equity		3,781	3,781
Surplus reserve		198,518	158,305
Foreign currency exchange reserve		366,956	257,062
Retained profits		<u>1,786,670</u>	<u>1,424,749</u>
Total equity		<u>2,355,925</u>	<u>1,843,896</u>

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the Half Year Ended 31 December 2013

Consolidated	Contributed Equity \$	Reserve \$	Surplus Reserve \$	Retained Earnings \$	Total Equity \$
Balance at 1 July 2012	211,340	11,257	49,799	448,189	720,585
Profit after income tax expense for the period	-	-	-	461,760	461,760
Foreign currency exchange reserves	-	17,374	-	-	17,374
Total comprehensive income for the half year	-	17,374	-	461,760	479,134
Transactions with owners in their capacity as owners:					
Increase of contributed equity	2,257,846	-	-	-	2,257,846
Contributions of equity, net of transaction costs	(2,420)	-	-	-	(2,420)
Appropriation of surplus reserves	-	-	46,176	(46,176)	-
	2,255,426	-	46,176	(46,176)	2,255,426
Balance at 31 December 2012	2,466,766	28,631	95,975	863,773	3,455,145
Balance at 1 July 2013	3,781	257,062	158,305	1,424,748	1,843,896
Profit after income tax expense for the year	-	-	-	402,135	402,135
Foreign currency exchange reserves	-	109,765	-	-	109,765
Total comprehensive income for the half year	-	109,765	-	402,135	511,900
Transactions with owners in their capacity as owners:					
Appropriation of surplus reserves	-	-	40,213	(40,213)	-
	-	-	40,213	(40,213)	-
Balance at 31 December 2013	3,781	366,956	198,518	1,786,670	2,355,925

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

CONSOLIDATED STATEMENT OF CASH FLOWS
For the Half Year Ended 31 December 2013

	Consolidated	
	31 December 2013 \$	31 December 2012 \$
Cash flows from operating activities		
Receipts from customers	8,396,913	5,129,721
Payments to suppliers and employees	(6,164,480)	(3,777,849)
Interest received	8,360	389
Other income received	19,615	142,617
Interest paid	(36,310)	-
Value added tax paid	(663,158)	(284,021)
Income tax paid	(179,426)	-
Other taxes paid	(121,226)	(7,169)
Net cash from operating activities	1,260,288	1,203,688
Cash flows from investing activities		
Payments for property, plant and equipment	(140,594)	(2,546,047)
Net cash used in investing activities	(140,594)	(2,546,047)
Cash flows from financing activities		
Proceeds from issue of shares	-	430,775
Proceeds from borrowings	-	2,286,545
Repayment of borrowings	(23,969)	-
Net cash used in financing activities	(23,969)	2,717,320
Net increase/(decrease) in cash and cash equivalents	1,095,725	1,374,961
Cash and cash equivalents at the beginning of the financial year	2,323,535	585,276
Effects of exchange rate changes on cash	120,993	(15,461)
Cash and cash equivalents at the end of the financial year	3,540,251	1,944,776

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

NOTES TO THE FINANCIAL STATEMENTS

For the Half Year Ended 31 December 2013

1. BASIS OF PREPARATION OF HALF-YEAR FINANCIAL STATEMENTS

These general purpose financial statements for the half-year reporting period ended 31 December 2013 have been prepared in accordance with Australian Accounting Standard 134 Interim Financial Reporting and the Corporations Act 2001.

The financial statements have been prepared on a going concern basis.

The historical cost basis has been used.

These half-year financial statements do not include all the notes of the type normally included in annual financial statements and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial statements. Accordingly, these half-year financial statements are to be read in conjunction with the annual financial statements for the year ended 30 June 2013 and any public announcements made by Australia Samly Holdings Group Limited during the half-year reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001 (Cth).

The consolidated half year financial report was approved by the board of directors on 14 March 2014.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The same accounting policies and methods of computation have generally been followed in these half-year financial statements as compared with the most recent annual financial statements, except for the adoption of the followings:

AASB 10 Consolidated Financial Statements - There is no impact on transactions and balances recognised in the financial statements as the Group does not have any special purpose entity;

AASB 11 Joint Arrangement - There is no impact on the transactions and balances recognised in the financial statements as the Group has not entered into any joint arrangements;

AASB 12 Disclosure of Interest in Other Entities - There is no impact on amounts recognised in the financial statements;

AASB 13 Fair Value Measurement - The additional disclosures were included 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.

AASB 119 Employee Benefits - There is no impact on amounts recognised in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
for the half year ended 31 December 2013

3. SEGMENT REPORTING

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 the half year period. 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.

31/12/2013	Technology	New life	Production companies	Total	Unallocated (Corporate)
	\$	\$	\$	\$	\$
Segment revenue	769,286	107,305	6,542,193	7,418,785	-
Segment result	155,597	(14,611)	265,513	402,135	(4,364)
Segment assets	1,273,132	137,218	11,385,695	12,804,109	8,064
Segment liabilities	946,039	154,076	6,392,890	10,488,183	2,995,178
31/12/2012	Technology	New life	Production companies	Total	Unallocated (Corporate)
	\$	\$	\$	\$	\$
Segment revenue	543,223	70,530	2,571,163	3,184,916	-
Segment result	(10,164)	13,810	468,212	461,760	(10,098)
Segment assets	322,092	99,427	7,095,676	7,523,243	6,048
Segment liabilities	373,538	22,730	3,675,630	4,071,898	-

NOTES TO THE FINANCIAL STATEMENTS

for the half year ended 31 December 2013

4. REVENUE

	Consolidated	
	31 December 2013	31 December 2012
	\$	\$
Sale of goods	7,418,785	2,835,650
Sale of raw materials	-	349,267
	<u>3,944,696</u>	<u>3,184,917</u>

5. OTHER INCOME

	Consolidated	
	31 December 2013	31 December 2012
	\$	\$
Government grants	432	-
Foreign exchange gains	-	3,794
Interest revenue	8,082	389
	<u>8,518</u>	<u>4,183</u>

6. COST OF SALES

	Consolidated	
	31 December 2013	31 December 2012
	\$	\$
Cost of sales	3,944,696	1,570,073
Other cost	-	349,267
	<u>3,944,696</u>	<u>1,919,340</u>

NOTES TO THE FINANCIAL STATEMENTS
for the half year ended 31 December 2013

7. PROPERTY, PLANT AND EQUIPMENT

Consolidated

	31 December 2013 \$	30 June 2013 \$
Plant and equipment - at cost	4,871,891	890,911
Less: Accumulated depreciation	306,780	(203,656)
	<u>4,566,632</u>	<u>687,255</u>
 Plant and equipment under construction	 142,187	 3,707,227
	<u>4,708,819</u>	<u>4,394,482</u>

	Plant under construction	Furniture & Fixtures	Plant & Equipment	Land & Buildings	Motor Vehicles	Leasehold Improvement	Total
Consolidated							
Balance as at 1 July 2013	3,707,226	11,169	466,538	-	209,548	-	4,394,481
Additions	(3,758,067)	4,119	943,034	2,121,312	8,822	872,405	191,625
Disposals	-	-	-	-	-	-	-
Depreciation expense	-	(6,226)	(47,359)	(8,041)	(21,281)	(18,696)	(101,603)
Foreign currency translation	193,029	306	22,196	(356)	9,969	(828)	224,316
Balance as at 31 December 2013	<u>142,188</u>	<u>9,368</u>	<u>1,384,409</u>	<u>2,112,915</u>	<u>207,058</u>	<u>852,881</u>	<u>4,708,819</u>

NOTES TO THE FINANCIAL STATEMENTS
for the half year ended 31 December 2013

8. FAIR VALUE OF FINANCIAL INSTRUMENTS

The following financial instruments are not measured at fair value in the statement of financial position. These had the following fair values at 31 December 2013:

	Consolidated	
	31 December 2013	Fair value
	\$	\$
Financial assets		
Cash and cash equivalents	3,540,251	3,540,251
Trade and other receivables	1,044,621	1,044,621
	4,584,872	4,584,872
Financial liabilities		
Trade and other payables	1,031,855	1,031,855
Borrowings	3,503,144	3,503,144
	4,534,999	4,534,999

Due to their short-term nature, the carrying amounts of current receivables, current trade and other payables and current interest-bearing liabilities is assumed to approximate their fair value.

9. EVENTS SUBSEQUENT TO REPORTING DATE

On 6th March 2014, Australia Samly completed its initial public offering and was listed on the Asia Pacific Exchange Limited (APX), successfully raising gross proceeds of \$4,636,500, for a price of \$1.00 per share issuing 4,636,500 shares for a cost of approximately \$1,021,566.

10. COMMITMENTS AND CONTINGENCIES

Commitments

There have been no changes in commitments since the last annual reporting date 30 June 2013.

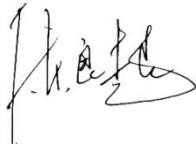
Contingencies

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

DIRECTORS' DECLARATION

- (a) the financial statements and notes set out on pages 7 to 15, are in accordance with the *Corporations Act 2001*, including:
- (i) comply with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and
 - (ii) give a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the half-year ended on that date
- (b) In the directors' opinion, 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 is made in accordance with a resolution of the Board of Directors and is signed for and behalf of the directors by:



Mr Liangchao Chen
Executive Chairman
Shenzhen, China

Dated at 15 day of March 2014

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Australia Samly Holdings Group Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Australia Samly Holdings Group Limited, which comprises the consolidated statement of financial position as at 31 December 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 half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Australia Samly Holdings Group Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, 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 review report.

Conclusion

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*

BDO Audit (WA) Pty Ltd

A handwritten signature in black ink, appearing to read 'Wayne Basford', is written over a faint, stylized 'BDO' logo.

Wayne Basford
Director

Perth, 15 March 2014