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# **Tian An Australia Limited**

(Comprising **Tian An Australia Limited** ABN 12 009 134 114 and its controlled entities)

## **Appendix 4D and Financial Report for the half-year ended 30 June 2019**

This half-year financial report constitutes the Appendix 4D prepared in accordance with ASX Listing Rules and the *Corporations Act 2001*. This half-year financial report does not include all of the notes of the type normally included in an annual financial report. Accordingly, this half-year financial report is to be read in conjunction with the annual financial report for the year ended 31 December 2018 and any public announcements made by Tian An Australia Limited during the intervening period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

# Tian An Australia Limited

Tian An Australia Limited ABN 12 009 134 114 (**TIA, Company or Parent**) comprises TIA and its controlled entities (**Group**).

## Appendix 4D

### for the half-year ended 30 June 2019

(previous corresponding period being the half-year ended 30 June 2018)

#### RESULTS FOR ANNOUNCEMENT TO THE MARKET

	\$'000	Up / Down	% movement
Revenue	2,148	Up	61%
Loss after tax attributable to Shareholders	(2,651)	Down	5%

NC – Not comparable with previous half-year period.

There were no dividends proposed or declared by TIA to Shareholders since the end of the previous financial year.

Additional information	30 June 2019	30 June 2018
Net tangible assets ( <b>NTA</b> ) per Share – cents	123	140

Commentary on the results for the period can be found in the attached 30 June 2019 half-year Directors' report.

Additional Appendix 4D disclosure requirements can be found in the attached notes to the 30 June 2019 half-year financial report.

Hai-Young Lu  
Company Secretary

Sydney  
12 August 2019

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# Tian An Australia Limited

## 30 June 2019 Half-Year Financial Report

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### GENERAL INFORMATION

The financial statements cover the Group. The financial statements are presented in Australian dollars, which is the Group's functional and presentation currency.

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

Level 5, 99 Macquarie Street  
Sydney NSW 2000

#### **Principal Activities**

The principal activity of the Group during the half year was the development and sale of residential land and built-form products. The Company has interests in developments on the east coast of Australia and in the Mandurah / Peel Region of Western Australia.

A review of the Group's operations is included in the Directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 12 August 2019.

The Directors present their report on the Group, consisting of TIA and its controlled entities for the half-year ended 30 June 2019 and the Independent Auditor's Review Report thereon.

## DIRECTORS

The Directors of TIA during the half-year and up until the date of this report are as follows:

Director	Position	Period of Directorship
Peter Brown	Non-Executive Chair	From 1 April 2019
Arthur Dew	Non-Executive Director	Full half-year (resigned as Chair on 1 April 2019)
Peter Curry	Non-Executive Director	From 15 March 2019
Cerena Fu	Non-Executive Director	Full half-year
Marcus Seow	Non-Executive Director	Full half-year
Mark Wong Tai Chun	Alternate Director to Arthur Dew	Full half-year

## REVIEW AND RESULTS OF OPERATIONS

The Group has continued to sell down the remaining stock of its existing projects and obtaining approvals for its Enfield and Point Grey projects. It is continuing construction of its project at Cascade Gardens, Pymble.

During and since the half-year, key events of the Group included:

- Settled two Oceanique apartments. There currently remains 1 apartment available for sale.
- The Point Grey Marina licence has been renewed with the Western Australian government authorities.
- Commencement of construction at Cascade Gardens, Pymble.
- Extension and increase of our financing facility with Oasis Star Limited to 31 December 2020 and increase facility limited to \$25 million.

For the half-year ended 30 June 2019, the Group reported a statutory loss after tax of \$2,651,000 (2018: loss of \$2,804,000).

The underlying loss for the Group was \$1,439,000, compared with an underlying loss of \$1,019,000 recorded in the previous corresponding half-year. Key reconciling items between the Group's statutory profit / (loss) and underlying profit / (loss) are:

	For the half year ended	For the half year ended
	30 June 2019	30 June 2018
Underlying profit / (loss) after tax	(1,439,000)	(1,019,000)
Impairment of inventory	(7,892,000)	(185,000)
Fair value gain / (loss) on financial asset	6,680,000	(1,600,000)
<b>Net profit / (loss) after tax attributable to Shareholders</b>	<b>(2,651,000)</b>	<b>(2,804,000)</b>

In the opinion of the Directors, the Group's underlying loss reflects the results generated from ongoing operating activities. The non-operating adjustments outlined above are considered to be non-cash or non-recurring in nature. These items are included in the Group's consolidated statutory result but excluded from the underlying result.

The Group has potential tax losses that it does not recognise on its balance sheet. The tax losses may be used against any tax liability arising as a result of any future profits, which is dependent on meeting the requirements of the tax legislation.

**Portfolio Update***Western Australia*Oceanique, Mandurah (Oceanique)

There were two settlements during the during the half year. There is currently one apartment available for sale.

Point Grey and Peel Water, Point Grey (Point Grey)

Management has a Development Application for stage 1. Management has extended its Western Australian marina permit. It is currently obtaining a DA approval.

Lot 370, Port Bouvard, Dawesville (Lot 370)

Lot 370 currently is available for sale.

*Eastern Seaboard*Enfield, NSW (Enfield)

Management is currently obtaining approvals to redevelop the site into residential accommodation.

Cascade Gardens, Pymble, NSW (Pymble)

Construction has commenced on the 93 apartment site in Sydney's North Shore. Sales are progressing with construction due to complete in 2020.

**Short Term Outlook**

TIA will focus on identifying residential developments that meet its investment strategy and criteria.

**SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS**

Other than those items disclosed in the review of operations and portfolio update above, there were no significant changes in the state of affairs of the Group during the financial half-year.

**SIGNIFICANT EVENTS AFTER THE BALANCE DATE**

No matters or circumstances have arisen since the end of the half-year and up until the date of this report, which significantly affect or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in subsequent periods.

**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001**

TIA has obtained the Auditor's Independence Declaration, which is set out on page 5.

**ROUNDING**

The amounts contained in this report and in the financial statements have been rounded to the nearest \$1,000 (where rounding is applicable) under the option available to the Company under ASIC Corporations (Rounding in Financial Directors' Reports) Instrument 2016/191. The Company is an entity to which the Legislative Instrument applies.

Signed in accordance with a resolution of the Directors:



**Marcus Seow**  
Director

Sydney  
12 August 2019

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**DECLARATION OF INDEPENDENCE BY MARTIN COYLE TO THE DIRECTORS OF TIAN AN AUSTRALIA LIMITED**

As lead auditor for the review of Tian An Australia Limited for the half-year ended 30 June 2019, 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 Tian An Australia Limited and the entities it controlled during the period.



**Martin Coyle**  
Partner

**BDO East Coast Partnership**

Sydney, 12 August 2019

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	Note	Group	
		Half year ended 30 June 2019 \$'000	Half year ended 30 June 2018 \$'000
<b>Revenue</b>			
Sale of goods and finance revenue		2,115	1,332
Other income		33	1
		<b>2,148</b>	<b>1,333</b>
Cost of sales		(1,777)	(590)
<b>Gross profit</b>		<b>338</b>	<b>743</b>
<b>Expenses</b>			
Advertising and marketing		(8)	(15)
Employee benefits		(478)	(547)
Non-executive director fees		(104)	(66)
Depreciation and amortisation		(45)	(41)
Finance		(447)	(127)
Rates and taxes		(251)	(293)
Repairs and maintenance		(39)	(28)
Consultants and legal fees		(72)	(232)
Rental		(68)	(105)
Fair value gain / (loss) on financial asset	7	6,680	(1,600)
Impairment loss on inventory	2	(7,892)	(185)
Other		(297)	(308)
<b>(Loss) from continuing operations before income tax</b>		<b>(2,651)</b>	<b>(2,804)</b>
Income tax		-	-
<b>(Loss) from continuing operations after income tax for the half-year attributable to the owners of TIA</b>		<b>(2,651)</b>	<b>(2,804)</b>
<b>Other comprehensive income/(loss)</b>			
<i>Items that will not be reclassified to profit or loss</i>			
Change in fair value of Equity Investments at FVOCI, net of tax		-	(913)
Other comprehensive income for the period, net of tax		-	(913)
<b>Total comprehensive (loss) for the half-year attributable to the owners of TIA</b>		<b>(2,651)</b>	<b>(3,717)</b>
<b>Earnings per Share (cents per Share)</b>			
Basic (loss) per Share		(3.06)	(3.24)
Diluted (loss) per Share		(3.06)	(3.24)

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



	Note	Group	
		30 June 2019 \$'000	31 December 2018 \$'000
<b>Current assets</b>			
Cash and cash equivalents		911	4,324
Trade and other receivables		68	62
Inventories	2	823	2,733
Financial assets	7	-	-
Other assets		662	923
<b>Current assets</b>		<b>2,464</b>	<b>8,042</b>
Non-current assets held for sale	6	1,350	1,350
<b>Total current assets</b>		<b>3,814</b>	<b>9,392</b>
<b>Non-current assets</b>			
Inventories	2	78,987	86,282
Financial assets	7	31,888	18,178
Loans receivable	8	12,714	9,128
Property, plant and equipment		141	183
<b>Total non-current assets</b>		<b>123,730</b>	<b>113,771</b>
<b>TOTAL ASSETS</b>		<b>127,544</b>	<b>123,163</b>
<b>Current liabilities</b>			
Trade and other payables		838	736
Borrowings	9	-	13,000
Provisions		80	129
<b>Total current liabilities</b>		<b>918</b>	<b>13,865</b>
<b>Non-current liabilities</b>			
Borrowings	9	20,000	-
Provisions		38	59
<b>Total non-current liabilities</b>		<b>20,038</b>	<b>59</b>
<b>TOTAL LIABILITIES</b>		<b>20,956</b>	<b>13,924</b>
<b>NET ASSETS</b>		<b>106,588</b>	<b>109,239</b>
<b>Equity</b>			
Contributed equity	3	290,149	290,149
Reserves		-	-
Accumulated losses		(183,561)	(180,910)
<b>Total equity</b>		<b>106,588</b>	<b>109,239</b>

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

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	Group			
	Contributed equity	Financial Assets reserve	Accumulated losses	Total
	\$'000	\$'000	\$'000	\$'000
<b>Balance at 1 January 2018</b>	290,149	10,082	(175,240)	125,191
<i>Comprehensive (loss):</i>				
Loss for the period	-	-	(2,804)	(2,804)
Other comprehensive loss	-	(913)	-	(913)
<b>Total comprehensive loss for the period</b>	-	(913)	(2,804)	(3,717)
<b>Balance at 30 June 2018</b>	<b>290,149</b>	<b>9,369</b>	<b>(178,044)</b>	<b>121,474</b>
<b>Balance at 1 July 2018</b>	290,149	9,369	(178,044)	121,474
<i>Comprehensive (loss):</i>				
Loss for the period	-	-	(12,116)	(12,116)
Other comprehensive loss	-	(119)	-	(119)
<b>Total comprehensive loss for the period</b>	-	(119)	(12,116)	(12,235)
Transfer to accumulated losses	-	(9,250)	9,250	-
<b>Balance at 31 December 2018</b>	<b>290,149</b>	<b>-</b>	<b>(180,910)</b>	<b>109,239</b>
<b>Balance at 1 January 2019</b>	290,149	-	(180,910)	109,239
<i>Comprehensive (loss):</i>				
Loss for the period	-	-	(2,651)	(2,651)
<b>Total comprehensive loss for the period</b>	-	-	(2,651)	(2,651)
<b>Balance at 30 June 2019</b>	<b>290,149</b>	<b>-</b>	<b>(183,561)</b>	<b>106,588</b>

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

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	Group	
	Half year ended 30 June 2019	Half year ended 30 June 2018
	\$'000	\$'000
<b>Cash flows from operating activities</b>		
Receipts from customers (inclusive of GST)	1,518	4,557
Payments to suppliers and employees (inclusive of GST)	(1,488)	(2,592)
Interest received	17	177
Finance costs including interest and other costs of finance paid	(447)	(127)
Other income	33	-
<b>Net cash inflows/(outflows) from operating activities</b>	<b>(367)</b>	<b>2,015</b>
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	(5)	(2)
Payments for financial assets - Pymble	(7,030)	(26,116)
Receipts from financial assets - Milton	-	2,700
Loan advanced to Pymble Project	(3,011)	(8,010)
Payment of deposit	-	-
<b>Net cash flows (used in) investing activities</b>	<b>(10,046)</b>	<b>(31,428)</b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	7,000	13,000
<b>Net cash flows from financing activities</b>	<b>7,000</b>	<b>13,000</b>
Net (decrease) in cash and cash equivalents	(3,413)	(16,413)
Cash and cash equivalents at the beginning of the period	4,324	24,054
<b>Cash and cash equivalents at the end of the period</b>	<b>911</b>	<b>7,641</b>

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

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## 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Tian An Australia Limited (**TIA**) is domiciled and incorporated in Australia. Its registered office and principal place of business is Level 5, 99 Macquarie Street, Sydney, New South Wales. The financial report of TIA consists of the financial statements of TIA and its controlled entities (**Group**). The financial report is presented in Australian dollars.

The significant accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated.

### (a) Basis of preparation

These general purpose financial statements for the half-year reporting period ended 30 June 2019 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standards IAS 34 'Interim Financial Reporting'.

These general purpose financial statements for the half-year do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the period ended 31 December 2018 and any public announcements made by TIA during the half-year reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

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

### (b) Use of judgements and estimates

In preparing these interim financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements, unless otherwise stated.

### (c) New, revised or amending Accounting Standards and Interpretations adopted

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

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

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

### (d) Going concern

For the half year ended 30 June 2019, the consolidated entity incurred a loss after income tax of \$2,651,000 (2018: loss of \$2,804,000), net cash outflow from operating activities of \$367,000 (2018: net cash inflow of \$2,015,000). The directors have prepared the half-year financial report on the going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the normal course of business.

The ability of the company to continue as a going concern is dependent on it receiving the continuing financial support from Tian An China Investments Company Limited, the company's ultimate parent entity. The directors believes that such financial support will be received as the company has received a letter of support from Tian An China Investments Company Limited confirming that it will financially support the actual as well as future activities and financial obligations of the company for a period of at least one year from the date of signing of the half-year financial report.

## 2. INVENTORIES

Inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Both land under development and apartment projects under construction are measured at the lower of cost and net realisable value. Costs include the cost of acquisition, development, materials, borrowing costs and holding costs incurred during development and construction. Once development and construction is completed, borrowing costs and holding costs are expensed as incurred.

All land under development (including land undergoing the approvals process) and apartment construction projects are regarded as inventory and are classified as such in the statement of financial position. Development projects whereby the Group controls all the risks and benefits of the arrangement and is required to take ownership of any unsold parcels at the end of the project are also classified as land under development. Land and apartments are classified as current only when sales are expected to occur within the next 12 months.

Borrowing costs included in the cost of any land under development and apartment construction projects are those costs that would have been avoided if the expenditure on the acquisition and development of the land and building of the apartment project had not been made. Borrowing costs incurred while active development and construction is interrupted for extended periods are recognised as an expense.

	Group	
	30 June 2019	31 December 2018
	\$'000	\$'000
<b>Current</b>		
<i>Finished apartments</i>		
Cost of acquisition	15	50
Development and other costs	2,194	7,158
Interest capitalised	263	859
Impairment provision	(1,649)	(5,334)
<b>Total</b>	<b>823</b>	<b>2,733</b>
<i>Land under development</i>		
Cost of acquisition	-	-
Development and other costs	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<b>Total current</b>	<b>823</b>	<b>2,733</b>
<b>Non-current</b>		
<i>Land under development</i>		
Cost of acquisition	132,496	132,496
Development and other costs	11,713	11,283
Interest capitalised	1,480	1,480
Impairment provision	(66,702)	(58,977)
<b>Total</b>	<b>78,987</b>	<b>86,282</b>
<b>Total non-current</b>	<b>78,987</b>	<b>86,282</b>
<b>Total inventories net of impairment</b>	<b>79,810</b>	<b>89,015</b>

**2. INVENTORIES (continued)**

During the half-year period, the Group recognised a non-cash impairment of \$7,726,000 in respect to the Enfield project and \$168,000 in relation to the Oceanique apartments. The non-cash impairment in relation to the Enfield project was as a result of an updated external valuation conducted during the half-year period. The non-cash impairment has been recognised in the statement of profit and loss and other comprehensive income.

**3. CONTRIBUTED EQUITY**

	Group	
	30 June 2019	31 December 2018
	\$'000	\$'000
<b>Issued capital</b>		
Ordinary share capital	290,149	290,149
<b>Movements in ordinary share capital</b>		
Balance at the beginning of the period	290,149	290,149
Shares issued	-	-
Transactions costs	-	-
<b>Balance at the end of the period</b>	<b>290,149</b>	<b>290,149</b>

**4. DIVIDENDS**

There were no dividends proposed or declared by the Group to Shareholders since the end of the previous financial year.

**5. SEGMENT INFORMATION**

In accordance with *AASB 8 Operating Segments*, the Group has assessed for the half-year reporting period ended 30 June 2019 what information is necessary to enable users of its financial statements to evaluate the nature and financial effects of the business activities in which it engages and the economic environments in which it operates.

Based upon this assessment, the Audit Committee of the Group determined that it operated in only one business segment, being residential property development in Australia. Operating results of the residential property development business segment are regularly reviewed by the Board to make decisions about resource allocation to that business and assess its performance.

**6. CURRENT ASSETS: NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE**

	Group	
	30 June 2019	31 December 2018
	\$'000	\$'000
Land	1,350	1,350

The above asset is Lot 370 Country Club Drive at Port Bouvard Residential Estate. The asset is measured at the lower of its carrying amount and fair value less costs to sell.

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## 7. FINANCIAL ASSETS MEASURED AT FAIR VALUE

Financial assets represent the Group's investment in Cascade Gardens, Pymble, which is classified as Financial Assets.

Financial assets for which fair value are measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 the fair value is calculated using quoted prices in active markets.
- Level 2 the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).
- Level 3 the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

The financial asset is classified as being in Level 3 of this hierarchy. Based on an internal management assessment the financial asset is measured at the estimated fair value at the reporting date using discounted cash flow analysis. The inputs to this valuation process were the estimated cash flows resulting from this investment and the discount rate used to present value these cash flows.

Movements for the half-year were:

	<b>FVTPL (Pymble)</b>
	<b>\$'000</b>
1 January 2019	18,178
Investments in projects	7,030
Change in fair value	6,680
Return from projects	-
<b>30 June 2019</b>	<b>31,888</b>
Current financial assets	-
Non-current financial assets	31,888
<b>30 June 2019</b>	<b>31,888</b>

As the Group does not intend to receive the remaining cash flow from Pymble project within 12 months, the investment balance has been classified in non-current assets as at 30 June 2019.

The change in the fair value of the project of \$6,680,000 recognised during the half-year period was due to the re-measurement and timing of the expected cash flows to be received from the project. The movement in the fair value has been recognised in the statement of profit and loss and other comprehensive income.

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7. FINANCIAL ASSETS MEASURED AT FAIR VALUE (continued)

	FVOCI-equity instruments (The Milton)	FVTPL (Pymble)	TOTAL
<b>1 January 2018</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Balance at beginning of period	6,276	-	6,276
Investments in projects	7	30,271	30,278
Change in fair value	(1,033)	(12,093)	(13,126)
Return from projects	(5,250)	-	(5,250)
<b>Balance at end of period</b>	<b>-</b>	<b>18,178</b>	<b>18,178</b>
Current financial assets	-	-	-
Non-current financial assets	-	18,178	18,178
<b>Balance at end of period</b>	<b>-</b>	<b>18,178</b>	<b>18,178</b>

The unobservable inputs were the discount rate used in discounting the estimated cash flows to their net present value and the expected net cash flows from the investments (post return of initial equity contributions). A change in these inputs would change the fair values of the investments as follows:

30 June 2019

	Pymble Profit or loss (\$'000)	
	Increase	Decrease
Expected cash flow (10% movement)	1,532	(1,532)
Risk-adjusted discount rate (5% movement)	(1,397)	1,397

8. LOANS RECEIVABLE

	Group	
	30 June 2019	31 December 2018
	<b>\$'000</b>	<b>\$'000</b>
Loan receivable from Pymble Project	12,714	9,128
Total	12,714	9,128

The Group provided loans of \$11,498,000 to LFD Pymble Pty Ltd ('LFD') for cost of the land purchased and development costs for the Pymble Project. The loan is charged at an interest of 12% per annum until the loan is fully repaid and is secured by a personal guarantee form the sole director of LFD. A total interest charge of \$1,216,000 has been capitalised on the loan balance as at 30 June 2019.



## 9. BORROWINGS

	Group	
	30 June 2019	31 December 2018
	\$'000	\$'000
Loan from parent entity	20,000	13,000
Total	20,000	13,000

The Group entered into a \$20 million debt facility with Oasis Star Limited on 26 April 2018 with interest of 2.6% per annum, payable monthly in arrears plus the cost of the bank loan facility available to Oasis Star Limited. This loan has subsequently been increased to \$25 million on 9 July 2019. The repayment date has also been extended to 31 December 2020. The loan is unsecured. The Group have received a confirmation that the facility can be extended, if required.

## 10. EVENTS AFTER BALANCE SHEET DATE

No matters or circumstances have arisen since the end of the half-year and up until the date of this report, which significantly affect or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in subsequent periods.

## 11. RELATED PARTY TRANSACTIONS

The Group has a loan facility of \$20 million loan with Oasis Star Limited. The facility expires in December 2020. The loan facility has subsequently been increased to \$25 million as of 9 July 2019. The Group have received a confirmation that the facility can be extended, if required. Oasis Star Limited is Tian An Australia's largest shareholder, owning 76.7% of its shares. Oasis Star Limited is a 100% owned subsidiary of Tian An China Investments Company Limited which is 48.66% indirectly held by Allied Properties (H.K.) Limited.

In May 2018, TIA entered into a joint venture agreement with LFD Pymble Pty Ltd ('LFD') to develop 93 apartments in Pymble, NSW. Whilst LFD is not a related party of TIA, the former CEO of TIA is a beneficiary under the Trust which holds the land subject to the development project.

In the opinion of the Directors of Tian An Australia Limited:

- the attached Financial Statements and Notes thereto of the Group comply with the *Corporations Act 2001*, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached Financial Statements and Notes thereto of the Group give a true and fair view of the Group's financial position as at 30 June 2019 and of its performance for the half-year ended on that date; and
- there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

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



**Marcus Seow**  
Director

Sydney  
12 August 2019

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## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Tian An Australia Limited

### Report on the Half-Year Financial Report

#### Conclusion

We have reviewed the half-year financial report of Tian An Australia Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2019, 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 then ended, and notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

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

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### 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 Group's financial position as at 30 June 2019 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

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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 the Group, would be in the same terms if given to the directors as at the time of this auditor's review report.

**BDO East Coast Partnership**

BDO  


**Martin Coyle**  
Partner

Sydney, 12 August 2019

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