

DECEMBER 2017 QUARTERLY REPORT

29 January 2018

Highlights

- ASX listing in early October 2017 and capital raising of \$6 million
- Implementation and execution of several strategies to grow the AuMake business during the December 2017 quarter
- Continued improvement in AuMake's financial performance for the December 2017 quarter:
 - Sales: \$5.2 million (September 2017 quarter: \$3.8 million)
 - Gross profit: \$736k (September 2017 quarter: \$388k)
 - Gross margin: 14.15% (September 2017 quarter: 10.14%)
- Exceptional financial performance for AuMake owned brands (Health Essence and Jumbuck/UGG Aus) in December 2017 quarter and first half of FY18
- December 17 quarter results demonstrate Aumake's ability to:
 - Extract significant value from existing assets
 - Promote new brands to daigou and Chinese tourists

(Sydney, Australia) – AuMake International Limited (**AuMake** or the **Company**) is pleased to provide the following report and associated Appendix 4C in relation to the December 2017 quarter.

Review of Operations

During the December 2017 quarter, AuMake executed the following:

- Listed on ASX with a capital raising of \$6 million
- Acquired Health Essence brand
- Acquired Jumbuck Australia Pty Ltd and the UGG Aus brand
- Formed an alliance with the Australian Made Campaign
- Relocated head office to Auburn NSW
- Initiated Chinese tourist/tour group strategy
- Opened flagship George St store in Sydney CBD
- Continued growth of core management team in relation to finance, supply chain and marketing
- Continued to grow loyal AuMake membership online via WeChat

Completion of \$14 million capital raising in January 2018 means that the Company is fully funded to execute growth strategies to:

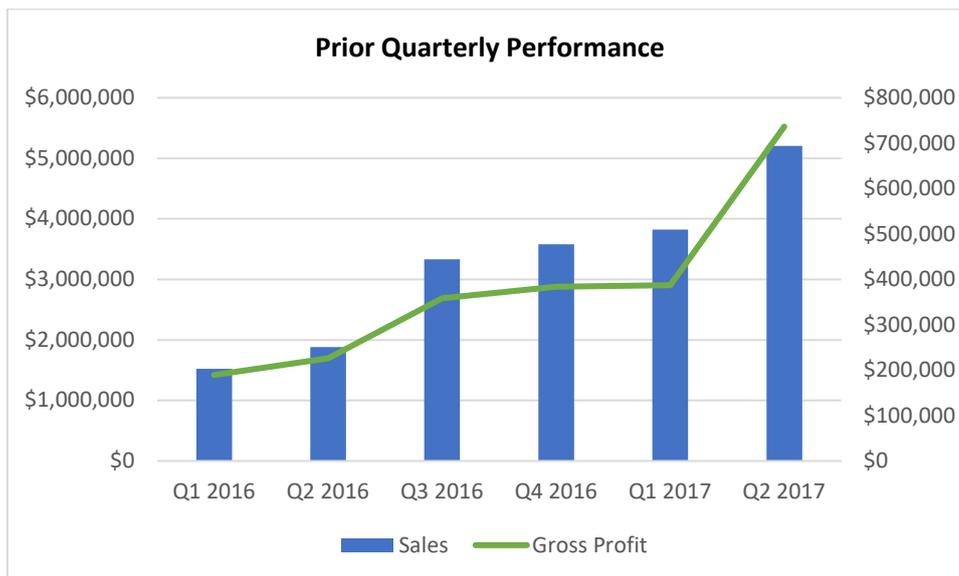
- Grow retail store network to at least twenty (20) across Australia by end of calendar 2018;
- Develop/produce further AuMake owned brands; and
- Provide capital to execute value accretive acquisition strategies where appropriate.

Review of December 2017 Quarterly Performance

AuMake is pleased to advise of continued improvement in relation its financial performance for the December 2017 quarter:

- Sales: \$5,206,016
- Gross Profit: \$736,516
- Gross Margin: 14.15%

The December quarter represents the sixth consecutive quarter of financial growth for the AuMake business:



The Company notes significant improvement in gross margin from 10.14% in the September 2017 quarter to 14.15% in the December 2017 quarter.

The improvement in gross margin has resulted in a 90% increase in gross profit with a corresponding 36% increase in sales over the same period. The month of December 2017 resulted in a gross margin of 15.8% which is expected to continue and increase in the coming months.

With the addition of three (3) stores in February/March 2017 and an intention to open a total of at least twenty (20) stores by the end of calendar year 2018 across Australia, the Company anticipates significant growth in its financial performance based on current momentum.

AuMake Own Brand Financial Performance (Health Essence and Jumbuck/UGG Aus)

For the December 2017 quarter, AuMake achieved sales of \$128k and gross profit of \$75k (gross margin 59%) for Health Essence branded products. Total first half FY18 sales and gross profit for Health Essence branded products was \$218k and \$130k (gross margin of 60%) respectively.

In its first month of sale (December 2017) Jumbuck/UGG Aus wool branded products contributed \$32k in sales and \$13k of gross profit respectively (42% gross margin). The Jumbuck/UGG Aus brand is anticipated to contribute further to overall sales and gross profit as the brand continues to gain traction with AuMake customers.

In summary, AuMake owned brands contributed total sales and gross profit for first half FY18 of \$250k and \$143k respectively. This financial performance is anticipated to increase further in line with retail store growth.

Summary

The Company's Appendix 4C for the December quarter reflects a period of high growth investment with expenses incurred in relation to supply chain improvement, addition of key personnel, increase in inventory (new stores and own brand product inventory) and one-off expenses such as ASX listing costs.

The opening of at least three (3) retail stores in the next quarter in addition to an increase in own branded product inventory, increases estimated COGS expenditure for the March 2017 quarter. However, this increase in COGS expenditure as well as continuing investment to improve AuMake's supply chain with the addition of key personnel, is anticipated to support increased sales and gross profitability for the March 2017 quarter and subsequent quarters.

The Company is highly encouraged by the existing momentum in relation to its financial performance and is fully funded to grow its distribution network to develop AuMake into a long term and sustainable business.

-ENDS-

INVESTORS: Keong Chan, Executive Chairman, keong.chan@aumake.com.au

MEDIA: Lynn Semjaniv, Sauce Communications, lynn@saucecommunications.com.au or 0481 004 797.

About AuMake

AuMake International Limited is an ASX listed retail company connecting Australian suppliers directly with daigou and Chinese tourists.

AuMake engages with the growing and influential daigou and Chinese tourist markets, by offering a one-stop-shop retail network. This includes a range of Australian products across four main categories including healthcare (supplements and food); skin, body care and cosmetics; dairy products and baby food (including infant formula); and wool and leather products.

Customers of AuMake value the full service offering which includes knowledgeable bilingual staff, multiple payment options (including WeChat, Alipay and Unionpay) and an in-store logistics service for the delivery of products to anywhere in the world including China.

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

AuMake International Limited

ABN

150 110 017

Quarter ended ("current quarter")

December 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	5,034	8,946
1.2 Payments for		
(a) research and development	-	-
(b) Cost of goods sold (including investment in additional inventory for new stores and own branded products)	(5,377)	(8,862)
(c) advertising and marketing	(130)	(217)
(d) leased assets	(221)	(354)
(e) staff costs	(466)	(806)
(f) administration and corporate costs	(533)	(674)
(g) Bank guarantee for leased property (refundable at end of lease)	(256)	(418)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	15	17
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	(16)	(16)
1.7 Government grants and tax incentives	-	-
1.8 Other (related to one off listing expenses)	(159)	(305)
1.9 Net cash from / (used in) operating activities	(2,109)	(2,689)

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(485)	(515)
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.3 Cash flows from loans to other entities	(210)	(274)
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	17	17
2.6 Net cash from / (used in) investing activities	(678)	(772)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	6,000	6,000
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	(263)	(263)
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	(5)	(13)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (proceeds from shares issue pending on allotment)	2,000	2,000
3.10 Net cash from / (used in) financing activities	7,732	7,724

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of quarter/year to date	447	1,129
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(2,109)	(2,689)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(678)	(772)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	7,732	7,724
4.5 Effect of movement in exchange rates on cash held	-	-
4.6 Cash and cash equivalents at end of quarter	5,392	5,392

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	5,392	5,392
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	5,392	5,392

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

Current quarter \$A'000

126

-

- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

N/A

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	
N/A	

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		
N/A		

9. Estimated cash outflows for next quarter*	\$A'000
9.1 Research and development	(100)
9.2 Cost of goods sold (including investment in additional inventory for new stores and own branded products)	(6,147)
9.3 Advertising and marketing	(150)
9.4 Leased assets	(383)
9.5 Staff costs	(800)
9.6 Administration and corporate costs	(500)
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows	(8,080)

* Table does not include estimated cash inflows in relation to receipts from customers

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Acquisitions	Disposals
10.1 Name of entity	Jumbuck Australia Pty Ltd	Augend Ltd	-
10.2 Place of incorporation or registration	Australia	Australia	-
10.3 Consideration for acquisition or disposal	350,877 fully paid ordinary shares	95,083,151 fully paid ordinary shares*	-
10.4 Total net assets / (liabilities)	\$40,814	(\$395,124)	-
10.5 Nature of business	Wool products manufacturer	Listed shell company	-

*Augend Ltd (legal parent, accounting acquire) issued 95,083,151 ordinary shares under the Reverse Acquisition.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here: 
(Director/Company secretary)

Date:29 January 2018.....

Print name:Peter Zhao.....

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.