WISEWAY LOGISTICS PTY LTD

ABN 47 123 556 561

ANNUAL FINANCIAL REPORT

30 JUNE 2017

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DIRECTORS' REPORT

The Directors present their report together with the financial statements of Wiseway Logistics Pty Ltd (the "Company") for the financial year ended 30 June 2017 and the auditor's report thereon.

Directors
The Directors of the Company at any time during or since the end of the financial year are:

Florence Yanli Tong	Appointed on 22 January 2007
Roger Shigang Tong	Appointed on 22 January 2007

The company secretary is Florence Tong who was appointed on 22 January 2007.

Principal activities
The principal activities of the Company during the financial year were the movement and logistics of goods by freight to cater to the needs of those interstate or overseas.

There were no other significant changes in the nature of the activities of the Company during the financial year.

Review of operations
The profit for the Company for the financial year after providing for income tax amounted to $928,320 (2016: $40,203).

Significant changes in the state of affairs
In the opinion of the Directors, there were no significant changes in the state of affairs of the Company that occured during the financial year under review.

Environmental regulation
The Company's operations are not subject to significant environmental regulations under both Commonwealth and State legislation. However, the Directors believe that the Company has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the Company during the financial year covered by this report.

Dividends
No dividends were paid or declared by the Company during or since the end of the financial year (2016: Nil).

Likely developments and expected results of operations
Further information about likely developments in the operations of the Company and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Company.

Share options
No options over issued shares or interests in the Company were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

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DIRECTORS' REPORT

Matters subsequent to the end of the financial year
During October 2017, the Directors repaid the loan of $928,935 owing by them to the Company as at 30 June 2017. Thereafter, the Directors provided further funds to the Company as an unsecured, repayable on demand, interest free loans up to an amount of $1,400,000 as at the date of this report.

During January 2018, the Company acquired 50% of of the issued capital of Four Seasons Cargo Pty Limited, an Australia based cargo sales agent who coordinates and facilitates incoming and outgoing shipments.

During May 2018, the Company raised additional capital of $1,500,000 through the issue of new ordinary shares.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial periods.

Indemnification and insurance of officers and auditors
The Company has indemnified the directors and executives of the Company 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 Company paid a premium in respect of a contract to insure the directors and executives of the Company against a liability to the extent permitted by the *Corporations Act 2001.* The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

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

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 financial year ended 30 June 2017.

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

Roger Tong	Florence Tong
Director	*Director*

Dated at Sydney this 24th day of May 2018

KPMG

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Wiseway Logistics Pty Ltd

I declare that, to the best of my knowledge and belief, in relation to the audit of Wiseway Logistics Pty Ltd for the financial year ended 30 June 2017 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

Chris Allenby

Partner

Sydney

24 May 2018

WISEWAY LOGISTICS PTY LTD
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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017 $	2016 $
Revenue	**4**	64,853,533	43,497,445
Direct expenses		(53,438,583)	(38,171,317)
Gross profit		11,414,950	5,326,128
Expenses			
Employee benefits expenses	**5(a)**	(4,922,384)	(2,779,297)
Motor vehicle expenses		(1,656,481)	(612,709)
Occupancy expenses		(1,348,025)	(543,689)
Depreciation expense	**5(b)**	(1,159,871)	(641,264)
Administration and other expenses		(767,724)	(419,280)
Results from operating activities		1,560,465	329,889
Net finance costs	**6**	(217,996)	(212,226)
Profit before income tax		1,342,469	117,663
Income tax expense	**7(a)**	(414,149)	(77,460)
Profit for the year		928,320	40,203
Other comprehensive income		-	-
Total comprehensive income for the year		928,320	40,203

The accompanying notes form an integral part of these financial statements.

WISEWAY LOGISTICS PTY LTD
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STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2017

	Note	2017 $	2016 $
Assets			
Current assets			
Cash and cash equivalents	8(a)	416,165	95,631
Trade and other receivables	9	4,852,168	2,702,436
Total current assets		5,268,333	2,798,068
Non-current assets			
Financial assets	10	735,029	433,321
Property, plant and equipment	11	7,593,262	3,907,044
Deferred tax assets	7(b)	62,920	23,548
Total non-current assets		8,391,211	4,363,912
Total assets		13,659,544	7,161,980
Liabilities			
Current liabilities			
Trade and other payables	12	6,801,505	3,907,348
Borrowings	13	1,616,593	804,483
Employee benefits	14	109,145	58,845
Provisions	15	21,464	19,647
Current tax liabilities	7(c)	140,976	91,855
Total current liabilities		8,689,683	4,882,177
Non-current liabilities			
Borrowings	13	4,389,771	2,628,032
Total non-current liabilities		4,389,771	2,628,032
Total liabilities		13,079,454	7,510,209
Net assets		**580,090**	**(348,230)**
Equity			
Share capital	16	1,000	1,000
Retained earnings		579,090	(349,230)
Total equity		**580,090**	**(348,230)**

The accompanying notes form an integral part of these financial statements.

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STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2017

	Ordinary shares $	Retained earnings $	Total $
Balance at 1 July 2015	1,000	(389,433)	(388,433)
Comprehensive income			
Profit for the year	-	40,203	40,203
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	40,203	40,203
Transactions with owners, in capacity as owners			
Shares issued during the year	-	-	-
Dividends paid	-	-	-
Total transactions with the owners	-	-	-
Balance at 30 June 2016	1,000	(349,230)	(348,230)
Balance at 1 July 2016	1,000	(349,230)	(348,230)
Comprehensive income			
Profit for the year	-	928,320	928,320
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	928,320	928,320
Transactions with owners, in capacity as owners			
Shares issued during the year	-	-	-
Dividends paid	-	-	-
Total transactions with the owners	-	-	-
Balance at 30 June 2017	1,000	579,090	580,090

The accompanying notes form an integral part of these financial statements.

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STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017 $	2016 $
Cash flows from operating activities			
Cash receipts from customers		69,904,994	47,513,305
Cash paid to suppliers and employees		(66,730,781)	(45,599,058)
Cash generated from operations		3,174,213	1,914,246
Interest received		11,457	6,804
Interest paid		(229,453)	(219,030)
Income taxes paid	7(c)	(404,400)	(26,918)
Net cash flows from operating activities	8(b)	2,551,817	1,675,103
Cash flows from investing activities			
Payments for property, plant and equipment		(1,139,711)	(160,097)
Payments for investments in term deposits		(301,709)	(253,086)
Net cash flows used in investing activities		(1,441,420)	(413,183)
Cash flows from financing activities			
Repayment of finance lease liabilities		(1,132,529)	(565,387)
Proceeds from / (payments for) from Directors loans		342,665	(871,600)
Net cash flows from financing activities		(789,863)	(1,436,987)
Net increase in cash and cash equivalents		320,534	(175,068)
Cash and cash equivalents at beginning of financial year		95,631	270,700
Cash and cash equivalents at end of financial year	8(a)	416,165	95,631

The accompanying notes form an integral part of these financial statements.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

1. CORPORATE INFORMATION

The financial statements are prepared for Wiseway Logistics Pty Ltd (the '"Company") for the year ended 30 June 2017. The address of the Company's registered office is 39 - 43 Warren Avenue, Bankstown NSW 2200. The Company is a for-profit entity and is primarily involved in the provision of freight forwarding services.

2. BASIS OF PREPARATION

(a) First time adoption of AASB 1

The Company has prepared general purpose financial statements for the first time for the year ended 30 June 2017 for the purpose of providing users and potential users more detailed information on the results and performance of the Company. In previous periods, the Company prepared special purpose financial statements.

As a result of the Company preparing general purpose financial statements for the first time, the Company has applied AASB 1 *First Time Adoption of Australian Accounting Standards,* which does not have a significant effect on the Company's reported financial position, financial performance or cash flows for the prior periods. The application of AASB 1 has not had any effect on the Company's accounting policies in the current or prior period. In preparing the Company's general purpose financial statements, the disclosure requirements of all Australian Accounting Standards ("AASBs"), where material, have been satisfied in all periods presented in this financial report.

(b) Statement of compliance

The Company is a for-profit, private sector entity which is not publicly accountable. Therefore, the financial statements for the Company are tier 2 general purpose financial statements which have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements ("AASB - RDRs") adopted by the Australian Accounting Standards Board ("AASB") and the *Corporations Act 2001.*

(c) Basis of measurement

The financial statements have been prepared on an accruals basis and are based on historical cost unless otherwise stated in the notes.

(d) Functional and presentation currency

These financial statements are presented in Australian dollars, which is the Company's functional currency.

(e) Use of estimates and judgements

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income, expenses and disclosure of contingent liabilities. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

2. BASIS OF PREPARATION (CONTINUED)

(f) Current versus non-current classification

The Company presents assets and liabilities in its statements of financial position based on a current/non-current classification.

An asset is current when it is expected to be realised or intended to be sold or consumed in the normal operating cycle, held primarily for the purpose of trading or is expected to be realised within twelve months after the reporting period. All other assets are classified as non-current.

A liability is current when it is expected to be settled in the normal operating cycle, is held primarily for the purpose of trading or it is due to be settled within twelve months after the reporting period. All other liabilities are classified as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

(g) Going concern

The financial report has been prepared on the going concern basis of accounting, which assumes the Company will be able to continue trading and realise assets and discharge liabilities in the ordinary course of business for a period of at least twelve months from the date of signing these financial statements.

As at 30 June 2017, the Company had a working capital deficiency of $3,421,350.

Subsequent to the end of the financial year, the Company has recorded positive financial results and cash flows as well as receiving additional equity contributions of $1,500,000 (refer to Note 18) which have improved the working capital position to a deficiency of $711,072 as at 31 March 2018.

The Company's shareholders, Roger and Florence Tong, have written to the Company in their capacity as shareholders stating that they will continue to provide ongoing financial support to the Company through not calling for repayment of their shareholder loans totalling $1,400,000 as at the date of this report, or any other balances payable by the Company, unless the Company is able to make such repayments without impairing its ability to conduct its normal business operations and pay its existing and anticipated debts as and when they fall due. The support is provided for the period up to the earlier of (i) The issuing of the Company's shares in an Initial Public Offering ("IPO"); or (ii) Twelve months from the date of signing these annual financial statements.

After considering the above, the Directors have concluded that the Company will be able to fulfil all obligations as and when they fall due to the foreseeable future, being at least twelve months from the date of approval of these financial statements, and accordingly, that the Company's financial statements should be prepared on a going concern basis.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies that have been adopted in the preparation of the financial statements are as follows:

(a) Property, plant and equipment

(i) Recognition and measurement

Items of plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain and loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Company.

(ii) Depreciation

The depreciable amount of all fixed assets, including capitalised lease is depreciated on a straight-line basis over the asset's useful life to the Company commencing from the time the asset is held ready for use. However, all motor vehicles are depreciated using the diminishing value method.

The useful life used for each class of depreciable asset are:`

Class of fixed asset:	*Useful life*
Motor vehicles	3 - 4 years
Furniture & fixtures	5 - 10 years
Office equipment	5 - 10 years
Leasehold improvements	25 years

Depreciation methods, residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

(b) Revenue

Revenue is measured at the fair value of the consideration received or receivable. The Company 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 Company's activities as described below. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Provision of services

Revenue from the provision of freight services is determined with reference to the date of completion of the transaction at the reporting date and where the outcome of the contract can be estimated reliably. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

3. SIGNIFICANT ACCOUNTING POLICIES

(c) Financial instruments

(i) Initial recognition and subsequent measurement

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

Financial instruments are initially measured at fair value plus transactions costs, except where the instrument is classified 'at fair value through profit or loss' in which case transactions costs are recognised as expenses in profit or loss immediately.

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method or cost. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

The effective interest rate (EIR) method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

(ii) Loans and receivables

These assets are initially recognised at fair value. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method, less any provision for impairment. Other receivables are recognised at amortised cost, less any provision for impairment.

(iii) Cash and cash equivalents

Cash comprises cash on hand and cash equivalents are short-term, highly liquid investments that are readily convertible to known cash amounts of cash and which are subject to an insignificant risk of changes in value. In the statement of cash flows, cash and cash equivalents includes bank overdrafts (if any) that are repayable on demand and form an integral part of the Company's cash management.

(iv) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares, net of any tax effects, are recognised as a deduction from equity.

3. SIGNIFICANT ACCOUNTING POLICIES

(d) Impairment of assets

(i) Non-derivative financial assets

Financial assets not classified as at fair value through profit or loss, including an interest in an equity-accounted investee, are assessed at each reporting date to determine whether there is objective evidence of impairment.

Financial assets measured at amortised cost

The Company considers evidence of impairment for these assets measured at both a specific asset and collective level. All individually significant assets are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

In assessing collective impairment the Company uses historical information on the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account. When the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

(ii) Non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating units (CGUs).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss. They are allocated to reduce the carrying amount of assets in the CGU on a pro rata basis.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3. SIGNIFICANT ACCOUNTING POLICIES

(e) Employee benefits

A provision is made for the Company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits have been measured at the nominal amounts expected to be paid when the liability is settled, plus any related on-costs. Both annual leave and long service leave are recognised within the provisions liability.

(i) Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits and annual leave and long service leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

(ii) Other long-term employee benefits

The Company's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognised in profit or loss in the period in which they arise.

(f) Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably and if it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

(g) Finance income and finance costs

Finance income comprises interest income, dividend income and foreign currency gains. Interest income is recognised in profit or loss as it accrues using the effective interest method.

Finance costs comprise interest expense on borrowings, foreign currency losses and impairment losses recognised on financial assets. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

(h) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST component of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

3. SIGNIFICANT ACCOUNTING POLICIES

(i) Leases

(i) Determining whether an arrangement contains a lease

At inception of an arrangement, the Company determines whether such an arrangement is or contains a lease.

At inception or on reassessment of an arrangement that contains a lease, the Company separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Company concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Company's incremental borrowing rate.

Assets held by the Company under leases, which transfer to the Company substantially all the risks and rewards of ownership are classified as finance leases. The leased asset is measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases are classified as operating leases and are not recognised in the Company's statement of financial position.

(ii) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(j) Tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

(i) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the period and any adjustment to tax payable or receivable in respect of previous periods. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax liability arising from dividends. Current tax assets and liabilities are offset only if certain criteria are met.

(ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purpose. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Deferred tax assets and liabilities are offset only if certain criteria are met.

3. SIGNIFICANT ACCOUNTING POLICIES

(k) Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. All operating segments' operating results are regularly reviewed by the Company's Directors to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

Segment results that are reported to the Directors include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

(l) New Standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2017, and have not been applied in preparing these financial statements. Those which may be relevant to the Company are set out below. The Company does not plan to adopt these standards

(i) AASB 15 Revenue from Contracts with Customers

AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including AASB 118 Revenue, AASB 111 Construction Contracts and IFRIC 13 Customer Loyalty Programmes.

AASB 15 is effective for annual reporting periods beginning on or after 1 January 2018. The Group is assessing the potential impact on its financial statements resulting from the application of AASB 15.

(ii) AASB 16 Leases

AASB 16 removes the classification of leases as either operating lease or finance leases – for the lessee – effectively treating all lease as finance leases. Short-term leases (less than 12 months) and leases of low-value assets (such as personal computers) are exempt from the lease accounting requirements. There are also changes in accounting over the life of the lease. In particular, companies will not recognise a front-loaded pattern of expenses for most leases, even when they pay constant rentals.

AASB 16 is effective from annual reporting periods beginning on or after 1 January 2019, with early adoption permitted for entities that also adopt AASB 15. The Group is assessing the potential impact on its consolidated financial statements resulting from the application of AASB 16.

(iii) AASB 9 Financial Instruments

AASB 9, approved in December 2014, replaces the existing guidance in AASB 139 *Financial Instruments: Recognition and Measurement*. AASB 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from AASB 139.

AASB 9 is effective for annual reporting periods beginning on or after 1 January 2018. The Company is assessing the potential impact on its financial statements resulting from the application of AASB 9.

		2017 $	2016 $
4.	**REVENUE**		
	Revenue from services rendered	64,853,533	43,497,445
		64,853,533	43,497,445
5.	**EXPENSES**		
	Profit before income tax includes the following specific expenses:		
	(a) Employee benefits expenses		
	Salaries and wages	2,871,616	1,792,354
	Contractor costs	1,198,581	687,944
	Contributions to superannuation funds	282,043	169,357
	Increase in annual leave	50,300	58,845
	Other expenses	519,844	70,797
		4,922,384	2,779,297
	(b) Depreciation expense		
	Depreciation (refer to Note 11)	1,159,871	641,264
		1,159,871	641,264
6.	**NET FINANCE COSTS**		
	Interest and finance charges paid / payable	229,453	219,030
	Interest received / receivable	(11,457)	(6,804)
	Total net finance costs	217,996	212,226

	2017	2016
	$	$

7. INCOME TAX

(a) Income tax expense

Income tax benefit comprises current and deferred tax expense and is recognised in profit or loss, except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income. The components of income tax benefit comprise:

	2017	2016
Current tax	453,521	101,007
Deferred tax	(39,372)	(23,548)
	414,149	77,460

The prima facie tax on profit before income tax is reconciled to the income tax expense as follows:

	2017	2016
Profit before income tax expense	1,342,469	117,663
Tax using the Company's domestic Australian tax rate of 30% (2016: 30%)	402,741	35,299
Non-deductible expenses	11,408	42,161
Income tax expense	414,149	77,460

(b) Deferred tax assets

The balance comprises temporary differences attributable to:

	2017	2016
Provisions	6,439	5,894
Employee benefits	53,144	17,653
Other differences	3,337	-
	62,920	23,548

(c) Curent tax liabilities

	2017	2016
Opening balance at the beginning of the year	91,855	17,765
Current tax expense	453,521	101,007
Income tax paid	(404,400)	(26,918)
Closing balance at the end of the year	140,976	91,855

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

8. CASH AND CASH EQUIVALENTS

	2017 $	2016 $
(a) Cash and cash equivalents in statement of cash flows		
Current		
Bank balances	416,165	95,631
	416,165	95,631

	2017 $	2016 $
(b) Reconciliation of cash flows from operating activities		
Profit for year	928,320	40,203
Adjustments for:		
Depreciation expense	1,159,871	641,264
Income tax expense	414,149	77,460
Operating profit before changes in working capital and provisions	2,502,340	758,927
Change in trade and other receivables	(2,492,397)	(402,415)
Change in trade and other payables	2,894,157	1,267,016
Change in employee benefits	50,300	58,846
Change in provisions	1,817	19,647
Net cash generated from operations	2,956,217	1,702,021
Income taxes paid	(404,400)	(26,918)
Net cash from operating activities	2,551,817	1,675,103

9. TRADE AND OTHER RECEIVABLES

	2017 $	2016 $
Current		
Trade receivables	2,635,491	1,331,953
Other receivables	1,287,742	98,883
Loans to shareholders	928,935	1,271,600
	4,852,168	2,702,436

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

	2017 $	2016 $
10. FINANCIAL ASSETS		
Non-current		
Term deposits	735,029	433,321
	735,029	433,321

The Company invests in bank term deposits as part of security arrangements associated with leasing of premises (refer to Note 17(b)). The carrying value of term deposits is considered a reasonable approximation of fair value due to the short-term nature of the balances.

11. PROPERTY, PLANT AND EQUIPMENT

	Office furniture, fittings and improvements	Motor vehicles	Total
COST			
Balance at 1 July 2015	914,519	1,581,180	2,495,699
Additions	62,843	2,523,790	2,586,633
Disposals	(21,596)	-	(21,596)
Balance at 30 June 2016	955,766	4,104,970	5,060,736
Balance at 1 July 2016	955,766	4,104,970	5,060,736
Additions	1,442,268	3,414,945	4,857,213
Disposals	(11,124)	-	(11,124)
Balance at 30 June 2017	2,386,910	7,519,915	9,906,825
ACCUMULATED DEPRECIATION			
Balance at 1 July 2015	(30,309)	(482,119)	(512,428)
Depreciation for the year	(81,126)	(560,138)	(641,264)
Balance at 30 June 2016	(111,435)	(1,042,257)	(1,153,692)
Balance at 1 July 2016	(111,435)	(1,042,257)	(1,153,692)
Depreciation for the year	(97,788)	(1,062,083)	(1,159,871)
Balance at 30 June 2017	(209,223)	(2,104,340)	(2,313,563)
CARRYING AMOUNT			
At 1 July 2016	844,331	3,062,713	3,907,044
At 30 June 2017	2,177,687	5,415,575	7,593,262

	2017 $	2016 $

12. TRADE AND OTHER PAYABLES

	2017 $	2016 $
Current		
Trade and other payables	5,825,296	3,361,501
Accruals	976,209	545,847
	6,801,505	3,907,348

All amounts are short term and the carrying values are considered to be a reasonable approximation of fair value.

13. BORROWINGS

	2017 $	2016 $
Current		
Finance lease liability	1,616,593	804,483
	1,616,593	804,483
Non-current		
Finance lease liability	4,389,771	2,628,032
	4,389,771	2,628,032
Finance lease liabilities are payable as follows:		
Less than one year		
Future minimum lease payments	1,863,874	929,603
Interest	(247,280)	(125,120)
Present value of minimum lease payments	1,616,593	804,483
Between one and five years		
Future minimum lease payments	4,723,443	2,820,045
Interest	(333,672)	(192,013)
Present value of minimum lease payments	4,389,771	2,628,032
More than five years		
Future minimum lease payments	-	-
Interest	-	-
Present value of minimum lease payments	-	-
Total		
Future minimum lease payments	6,587,316	3,749,648
Interest	(580,952)	(317,133)
Present value of minimum lease payments	6,006,364	3,432,515

14. EMPLOYEE BENEFITS

	2017 $	2016 $
Current		
Liability for annual leave	109,145	58,845
	109,145	58,845

	2017	2016
	$	$

15. PROVISIONS

	2017 $	2016 $
Current		
Make-good provision	21,464	19,647
	21,464	19,647
Movements in make-good provision		
Balance at beginning of the year	19,647	-
Additional provisions charged	1,817	19,647
Balance at end of the year	21,464	19,647

16. CONTRIBUTED EQUITY

(a) Share capital

	2017 $	2016 $
Ordinary shares - fully paid	1,000	1,000
	1,000	1,000

Ordinary shares

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held. At shareholders' meetings, each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

(b) Dividends

No dividends were paid or declared by the Company during or since the end of the financial year (2016: Nil).

(c) Dividend franking account

	2017 $	2016 $
Franking credits available to shareholders of Wiseway Logistics Pty Limited for subsequent financial years based on a tax rate of 30% (2016: 30%)	445,790	31,641

(d) Capital management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders, maintain sufficient financial flexibility to pursue its growth objectives and maintain an optimal capital structure to reduce the cost of capital.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

17. COMMITMENTS AND CONTINGENCIES

(a) Leases as lessee

	2017 $	2016 $
Non-cancellable operating leases contracted for at the reporting date but not recognised as liabilities are as follows:		
Payable within one year	246,629	148,509
Payable later than one year but not later than five years	2,069,923	1,032,398
Payable later than five years	1,247,400	66,663
	3,563,952	1,247,570

Operating leases related to rented premises. Leases have various terms, including some options to extend the terms.

(b) Contingencies

	2017 $	2016 $
Bank guarantees	735,029	433,321
	735,029	433,321

The bank guarantees relate to term deposits (refer to Note 10) provided as security for operating leases for rented premises.

18. EVENTS AFTER THE REPORTING PERIOD

During October 2017, the Directors repaid the loan of $928,935 owing by them to the Company as at 30 June 2017. Thereafter, the Directors provided further funds to the Company as an unsecured, repayable on demand, interest free loans up to an amount of $1,400,000 as at the date of this report.

During January 2018, the Company acquired 50% of of the issued capital of Four Seasons Cargo Pty Limited, an Australia based cargo sales agent who coordinates and facilitates incoming and outgoing shipments.

During May 2018, the Company raised additional capital of $1,500,000 through the issue of new ordinary shares.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial periods.

19. SEGMENT REPORTING

The Company manages its operations as a single business operation and there are no parts of the Company that qualify as operating segments under AASB 8 *Operating Segments.* The Director (Chief Operating Decision Maker or "CODM") assesses the financial performance of the Company on an integrated basis only and accordingly, the Company is managed on the basis of a single segment, being the provision of freight forwarding services. Information presented to the CODM on a monthly basis is categorised by type of expenditure.

20. RELATED PARTY DISCLOSURES

(a) Key management personnel compensation

Key management personnel ("KMP") are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly and indirectly, and include the Directors, executive and non-executive, as well as certain other senior executives.

The key management personnel compensation for the year ended 30 June 2017 was $230,000 (2016: $288,000).

(b) Key management personnel and director transactions

A number of key management personnel, or their related parties, hold positions in other entities that result in them having control or joint control over these entities.

A number of these entities transacted with the Company during the year. The terms and conditions of the transactions were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-key management personnel related entities on an arm's length basis.

Rental of premises

RTF Investment Management Pty Limited, an entity controlled by Roger and Florence Tong, provided leased commercial premises to the Company on normal commercial terms and conditions. During the year ended 30 June 2017, the amount paid to this related entity by the Company was $1,003,259 (2016: $326,379).

Loans from Directors

The Company has historically provided short-term loans to Roger and Florence Tong. The loans are unsecured, repayable on demand and interest-free. As at 30 June 2017, the outstanding balance payable by the Directors was $928,935 (2016: $1,271,600).

WISEWAY LOGISTICS PTY LTD

DIRECTOR'S DECLARATION

In the opinion of the Directors of Wiseway Logistics Pty Ltd (the "Company"):

(a) the Company is not publicly accountable;

(b) the financial statements and notes that are set out on pages 6 to 25, are in accordance with the *Corporations Act 2001,* including:

(i) giving a true and fair view of the financial position of the Company as at 30 June 2017 and of its performance for the financial year ended on the date; and

(ii) complying with Australia Accounting Standards - Reduced Disclosure Requirements and the *Corporations Regulations 2001;* and

(c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with resolution of the Directors:

Roger Tong
Director

Florence Tong
Director

Dated at Sydney this 24th day of May 2018

KPMG

Independent Auditor's Report

To the shareholders of Wiseway Logistics Pty Ltd

Opinion

We have audited the ***Financial Report*** of Wiseway Logistics Pty Ltd (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Company's financial position as at 30 June 2017 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards- Reduced Disclosure Requirements* and the *Corporations Regulations 2001*.

The ***Financial Report*** comprises:

- Statement of financial position as at 30 June 2017;
- Statement of profit or loss and other comprehensive income, Statement of changes in equity, and Statement of cash flows for the year then ended;
- Notes including a summary of significant accounting policies;
- Directors' Declaration.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Company in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

Other Information

Other Information is financial and non-financial information in the Company's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. This includes the Director's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

KPMG

Other Information (continued)

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards - Reduced Disclosure Requirements* and the *Corporations Act 2001;*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error;
- assessing the Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our Auditor's Report.

KPMG

KPMG

Chris Allenby

Partner

Sydney

24 May 2018