

APPENDIX 4D

WISEWAY GROUP LIMITED

For the period ended 31 December 2019

Details of reporting period

Current reporting period	1 July 2019 to 31 December 2019
Prior reporting period	16 March 2018 to 31 December 2018

Results for announcement to the market

Wiseway Group Limited ("Company") and its subsidiaries, presents its results for the period 1 July 2019 to 31 December 2019. The Group's revenue and EBITDA for the six months ended 31 December 2019 were \$45,056,000 (16 March to 31 December 2018: \$69,754,000) and \$104,000 (16 March 2018 to 31 December 2018: \$958,000) respectively. The loss for the Group for the six months ended 31 December 2019 after providing for income tax amounted to \$4,862,000 (16 March 2018 to 31 December 2018: \$678,000).

The comparative half year is for the period 16 March 2018 to 31 December 2018. As a result of the different lengths in reporting periods, the results and cash flows from operations may not be directly comparable.

	Six months ended 31 December 2019 \$'000	16 March 2018 to 31 December 2018 \$'000	Change %
Revenue from ordinary activities	45,056	69,754	-35%
Profit/(loss) from ordinary activities after tax attributable to members	(4,845)	(667)	626%
Net profit/(loss) for the period attributable to members	(4,845)	(667)	626%

	Six months ended 31 December 2019 Cents	16 March 2018 to 31 December 2018 Cents	Change %
Basic loss per share	(3.63)	(1.15)	216%
Diluted loss per share	(3.63)	(1.15)	216%

Dividends

There were no dividends recommended, declared or paid during the current reporting period.

Net tangible assets

	Six months ended 31 December 2019 Cents	16 March 2018 to 31 December 2018 Cents	Change %
Net tangible assets per security	15.87	19.41	-18%

Audit qualification or review

The financial statements have been reviewed by KPMG and the Independent Auditors' Review Report is included as part of the Interim Financial Report attached.

WISEWAY GROUP LIMITED
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Attachments

This Appendix 4D is provided in accordance with ASX Listing Rule 4.2A and is to be read in conjunction with the Interim Financial Report for the current period ended 31 December 2019, where additional disclosures are provided, and any market announcements made by the Company in accordance with continuous disclosure obligations.

The interim financial report is attached below.

Signed:

A handwritten signature in black ink, appearing to read 'RTong', is positioned above the printed name of the signatory.

Roger Tong
Director
Wiseway Group Limited
Dated at Sydney this 27th day of February 2020

WISEWAY GROUP LIMITED

ABN 26 624 909 682

INTERIM FINANCIAL REPORT

31 DECEMBER 2019

WISEWAY GROUP LIMITED

ABN 26 624 909 682

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WISEWAY GROUP LIMITED
ABN 26 624 909 682
DIRECTORS' REPORT

The Directors present their report together with the consolidated financial statements of the Group, comprising of Wiseway Group Limited (the "Company") and its subsidiaries, for the six months ended 31 December 2019 and the auditor's review report thereon.

1. Directors

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

Michael Hughes	Independent Non-Executive Chairman	Appointed on 30 April 2019
Stephen Chan	Independent Non-Executive Director	Appointed on 16 March 2018
Lin Xu	Non-Executive Director	Appointed on 1 November 2019
Florence Tong	Executive Director and Managing Director	Appointed on 16 March 2018
Roger Tong	Executive Director and Chief Executive Officer	Appointed on 16 March 2018
The Hon. Nick Bolkus	Independent Non-Executive Director	Appointed on 5 July 2018 and resigned on 1 November 2019

2. Principal activities

The principal activities of the Group during the financial reporting period were the movement of goods by freight to cater to the needs of those interstate or overseas. There were no significant changes in the nature of the activities of the Group during the financial reporting period.

3. Review of operations

a) Financial results

The Group's revenue and EBITDA for the six months ended 31 December 2019 were \$45,056,000 (16 March to 31 December 2018: \$69,754,000) and \$104,000 (16 March 2018 to 31 December 2018: \$958,000) respectively. The loss for the Group for the six months ended 31 December 2019 after providing for income tax amounted to \$4,862,000 (16 March 2018 to 31 December 2018: \$678,000).

This is the first set of the Group's financial statements in which AASB 16 *Leases* has been applied. Under the transition method chosen, comparative information has not been restated. The 31 December 2019 results are therefore not directly comparable to prior years. Changes to significant accounting policies and the impact of applying the new standards are described in Note 4 to the accompanying financial statements.

Additionally, the Group completed the following:

b) Share purchase and subscription agreement with AZ Global

On 27 August 2019 the Group entered into a share purchase and subscription agreement ('SPSA') with AZ Global Limited ('AZ Global'). Under the SPSA, AZ Global were issued 18,161,100 new shares in the Company, being 15% of the currently issued shares in the Company, at \$0.25 per share for a total consideration of \$4,540,275.

WISEWAY GROUP LIMITED
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DIRECTORS' REPORT

3. Review of operations (continued)

c) Wiseway becomes accredited Air Cargo Agent in New Zealand

In October 2019, Wiseway became accredited by the International Air Transport Association (IATA) as an IATA Cargo Agent in New Zealand and has commenced offering integrated logistics services to the country.

Through its investment made over the last year, Wiseway is able to handle all airfreight export shipments in-house from its Auckland Airport precinct facility. This follows receipt of the necessary accreditations and satisfying the requirements of airlines, which include Regulated Air Cargo Agent (RACA) approval and Ministry of Industry (MPI) accredited Risk Management Programmes (RMP) for milk, dairy and perishables exports. Additionally, the facility has also been designated as a Customs Controlled Area (CCA) by New Zealand Customs.

d) Wiseway accredited for fruit exports to China

In November 2019, Wiseway received accreditation for the exporting of fruit direct to China and signed an exclusive agreement with a major supplier and exporter of Australian produce to China.

Wiseaway's new purpose-built fumigation and cold treatment facilities in Melbourne and Sydney have received accreditation from Australia's Department of Agriculture and Water Resources for the exporting of fruit to China.

Accreditation means that Wiseway's facilities comply with China's protocols, introduced in late 2018, requiring strict compliance to phytosanitary requirements before fresh cherries, nectarines, peaches, plums and apricots can be exported to China. This requires the perishable fruit to be subject to cold treatment and/or methyl bromide fumigation in a chamber, to ensure that the fruit export is free of any pests of quarantine concern to Chinese authorities.

e) All Wiseway branches approved as bonded depots

In January 2020, all Wiseway branches were granted a Depot Licence by the Department of Home Affairs under section 77G of the Customs Act, with the latest one being in Perth. With the granting of this licence, Wiseway has secured a national presence with bonded warehouse capability across the Australian mainland in Adelaide, Brisbane, Melbourne, Perth and Sydney, as well as in Auckland, New Zealand.

Wiseaway's bonded warehouse capacity in Sydney has also increased with a Depot Licence being granted at its Chipping Norton facility. This facility is in addition to the Bankstown facility, and will cater to the growing e-commerce and sea freight imports business.

4. Events after the reporting period

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

5. Rounding

The Group is of a kind referred to in *ASIC Corporations (Rounding in Financial/ Directors' Reports) Instrument 2016/191* and in accordance with that instrument, amounts in the condensed consolidated interim financial statements and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

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DIRECTORS' REPORT

6. Lead auditor's independence declaration

The Lead auditor's independence declaration is set out on page 6 and forms part of the Directors' report for the six months ended 31 December 2019.

Signed in accordance with a resolution of the directors:



Florence Tong
Executive Director and Managing Director



Roger Tong
Executive Director and Chief Executive Officer

Dated at Sydney this 27th day of February 2020



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

To the Directors of Wiseway Group Limited

I declare that, to the best of my knowledge and belief, in relation to the review of Wiseway Group Limited for the interim period ended 31 December 2019 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- ii. no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG

Malcolm Kafer
Partner
KPMG
27 February 2020

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 31 December 2019

	Note	Six months ended 31 December 2019 \$'000	16 March 2018 to 31 December 2018 \$'000
Revenue	6	45,056	69,754
Direct transport and logistics expenses		(33,892)	(55,012)
Employee benefit expenses	7	(8,807)	(8,419)
Occupancy expenses		(412)	(1,492)
Depreciation expense		(2,535)	(976)
Share-based payments expense		(57)	(1,142)
Administration and other expenses		(1,784)	(2,731)
Operating loss		(2,431)	(18)
Finance costs		(857)	(297)
Loss before tax		(3,288)	(315)
Income tax expense	8	(1,574)	(363)
Loss for the period		(4,862)	(678)
Total comprehensive loss for the period		(4,862)	(678)
Loss attributable to:			
Owners of the Company		(4,845)	(667)
Non-controlling interests		(17)	(11)
		(4,862)	(678)
Total comprehensive income attributable to:			
Owners of the Company		(4,845)	(667)
Non-controlling interests		(17)	(11)
		(4,862)	(678)
Basic earnings per share (cents)		(3.63)	(1.15)
Diluted earnings per share (cents)		(3.63)	(1.15)

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

WISEWAY GROUP LIMITED

ABN 26 624 909 682

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

		31 December 2019	30 June 2019
	Note	\$'000	\$'000
Assets			
Current assets			
Cash and cash equivalents		3,640	4,628
Trade and other receivables	9	12,380	11,393
Inventories		119	119
Current tax assets		860	29
Other assets		3,048	3,181
Total current assets		20,047	19,350
Non-current assets			
Financial assets		542	812
Property, plant and equipment	10	45,530	24,965
Deferred tax assets	8	-	1,578
Total non-current assets		46,072	27,355
Total assets		66,119	46,705
Liabilities			
Current liabilities			
Trade and other payables	11	9,030	9,890
Loans and borrowings	12	4,788	2,889
Employee benefits		1,150	993
Provisions		23	23
Total current liabilities		14,991	13,795
Non-current liabilities			
Loans and borrowings	12	28,855	10,372
Total non-current liabilities		28,855	10,372
Total liabilities		43,846	24,167
Net assets		22,273	22,538
Equity			
Share capital	13	26,027	21,487
Share-based payments reserve		1,427	1,370
Retained earnings/(accumulated losses)		(5,200)	(355)
Equity attributable to owners of the Company		22,254	22,502
Non-controlling interests		19	36
Total equity		22,273	22,538

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

WISEWAY GROUP LIMITED

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2019

	Note	Share capital \$'000	Share-based payments reserve \$'000	Retained earnings / (accumulated losses) \$'000	Total \$'000	Non- controlling interests \$'000	Total equity \$'000
Balance at 30 June 2019		21,487	1,370	(355)	22,502	36	22,538
Comprehensive income							
Loss for the period		-	-	(4,845)	(4,845)	(17)	(4,862)
Total comprehensive income for the period		-	-	(4,845)	(4,845)	(17)	(4,862)
Transactions with owners, in capacity as owners							
Issue of ordinary shares	13	4,540	-	-	4,540	-	4,540
Share-based payments		-	57	-	57	-	57
Total transactions with the owners		4,540	57	-	4,597	-	4,597
Balance at 31 December 2019		26,027	1,427	(5,200)	22,254	19	22,273

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

WISEWAY GROUP LIMITED

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2019

	Note	Share capital \$'000	Share-based payments reserve \$'000	Retained earnings / (accumulated losses) \$'000	Total \$'000	Non- controlling interests \$'000	Total equity \$'000
Balance at 16 March 2018		-	-	-	-	-	-
Comprehensive income							
Loss for the period		-	-	(667)	(667)	(11)	(678)
Total comprehensive income for the period		-	-	(667)	(667)	(11)	(678)
Transactions with owners, in capacity as owners							
Issue of ordinary shares	13	23,082	-	-	23,082	-	23,082
Transaction costs related to issue of share capital	13	(1,595)	-	-	(1,595)	-	(1,595)
Acquisition of common control entities		-	-	1,517	1,517	37	1,554
Share-based payments		-	1,142	-	1,142	-	1,142
Total transactions with the owners		21,487	1,142	1,517	24,146	37	24,183
Balance at 31 December 2018		21,487	1,142	850	23,479	26	23,505

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 December 2019

		Six months ended 31 December 2019	16 March 2018 to 31 December 2018
	Note	\$'000	\$'000
Cash flows from operating activities			
Cash receipts from customers		47,922	72,303
Cash paid to suppliers and employees		(49,822)	(71,427)
Cash generated from operating activities		(1,900)	876
Interest received	6	10	52
Interest paid		(857)	(297)
Income taxes paid		(342)	(606)
Net cash used in operating activities		(3,089)	25
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		19	23
Cash acquired from acquisition of common control entities		-	2,273
Acquisition of property, plant and equipment (Acquisition)/disposal of other investments		(1,033)	(1,668)
		270	(274)
Net cash used in investing activities		(744)	354
Cash flows from financing activities			
Proceeds from issue of share capital	13	4,540	23,082
Proceeds from loans and borrowings		1,339	-
Repayment of loans and borrowings		(428)	(1,199)
Payment of finance lease liabilities		(1,747)	(1,368)
Payment of lease liabilities		(860)	-
Transaction costs related to issue of share capital - expensed		-	(1,092)
Transaction costs related to issue of share capital - equity	13	-	(1,595)
Net cash from financing activities		2,845	17,828
Net increase in cash and cash equivalents		(988)	18,207
Cash and cash equivalents at beginning of the period		4,628	-
Cash and cash equivalents at end of the period		3,640	18,207

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2019

1. Corporate information

The condensed consolidated interim financial statements for the six months ended 31 December 2019 comprises of the Group, being Wiseway Group Limited (the "Company") and its subsidiaries. The address of the Company's registered office is 39-43 Warren Avenue, Bankstown, NSW 2200. The Company is a listed public company, incorporated and domiciled in Australia.

2. Basis of preparation

These interim financial statements are general purpose financial statements prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*, and with IAS 34 *Interim Financial Reporting*. They do not include all of the information required for a complete set of annual financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements as at and for the year ended 30 June 2019. The full accounting policies of the Group are set out in the latest financial report for the year ended 30 June 2019.

The current period is for the six months ended 31 December 2019. The comparative half year is for the period 16 March 2018 to 31 December 2018. As a result of the different lengths in reporting periods, the results and cash flows from operations may not be directly comparable.

This is the first set of the Group's financial statements where AASB 16 *Leases* has been applied. Changes to significant accounting policies are described in Note 4.

These interim financial statements were authorised for issue by the Group's Board of Directors on 27 February 2020.

The Group is of a kind referred to in *ASIC Corporations (Rounding in Financial/ Directors' Reports) Instrument 2016/191* and in accordance with that instrument, amounts in the condensed consolidated financial statements and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

3. Use of judgements and estimates

In preparing these interim financial statements, Management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. 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, except for the new significant judgements related to lessee accounting under AASB 16, which are described in Note 4.

4. Changes in significant accounting policies

Except as described below, the accounting policies applied in these interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 30 June 2019.

The changes in accounting policies will also be used in the Group's consolidated financial statements as at and for the year ending 30 June 2020.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2019

4. Changes in significant accounting policies (continued)

The Group has initially adopted AASB 16 *Leases* from 1 July 2019. A number of other new standards effective from 1 July 2019 but they do not have a material effect on the Group's financial statements.

AASB 16 introduced a single, on-balance sheet accounting model for lessees. As a result, the Group, as a lessee, has recognised right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligations to make lease payments. Lessor accounting remains similar to previous accounting policies.

The Group has applied AASB 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 July 2019. Accordingly, the comparative information presented for 2018 has not been restated – i.e. it is presented, as previously reported, under AASB 117 and related interpretations. The details of the changes in accounting policies are disclosed below.

a) Definition of a lease

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under Interpretation 4 *Determining Whether an Arrangement contains a Lease*. The Group now assesses whether a contract is or contains a lease based on the new definition of a lease. Under AASB 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified assets for a period of time in exchange for consideration.

On transition to AASB 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied AASB 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under AASB 117 and Interpretation 4 were not reassessed. Therefore, the definition of a lease under AASB 16 has been applied only to contracts entered into or changed on or after 1 July 2019.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which it is a lessee, the Group has elected not to separate the non-lease components and will instead account for the lease and non-lease components as a single lease component.

b) As a lessee

The Group leases many assets, including properties, IT equipment, motor vehicles and scanning equipment.

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under AASB 16, the Group recognises right-of-use assets and lease liabilities for most leases – i.e. these leases are on-balance sheet.

However, the Group has elected not to recognise right-of-use assets and lease liabilities for some leases of low-value assets (e.g. IT equipment). The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2019

4. Changes in significant accounting policies (continued)

b) As a lessee (continued)

The carrying amounts of right-of-use assets are as below.

	Land and buildings
	\$'000
Balance at 1 July 2019	19,964
Balance at 31 December 2019	18,895

The Group presents lease liabilities in 'loans and borrowings' in the statement of financial position.

i) Significant accounting policies

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by the lease payment made. It is remeasured when there is a change in the future lease payments arising from a change in the index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Group has applied judgement to determine whether the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

ii) Transition

Previously, the Group classified property leases as operating leases under AASB 117. These include warehouse facilities. The leases typically run for a period of five years. Some leases include an option to renew the lease for an additional five years after the end of the non-cancellable period. Some leases provide for additional rent payments that are based on changes in local price indices.

At transition, for leases classified as operating leases under AASB 117, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate at 1 July 2019. Right-of-use assets are measured at either:

- their carrying amounts as if AASB 16 had been applied since the commencement date, discounted using the lessee's incremental borrowing rate at the date of initial application; or
- an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments – the Group applied this approach to all leases.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2019

4. Changes in significant accounting policies (continued)

b) As a lessee (continued)

ii) Transition (continued)

The Group used the following practical expedients when applying AASB 16 to leases previously classified as operating leases under AASB 117.

- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term.
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

The Group leases a number of motor vehicles and scanning equipment. These leases were classified as finance leases under AASB 117. For these finance leases, the carrying amount of the right-of-use asset and lease liability at 1 July 2019 were determined at the carrying amount of the lease asset and lease liability under AASB 117 immediately before that date.

c) Impacts on financial statements

i) Impacts on transition

On transition to AASB 16, the Group recognised additional right-of-use assets and additional lease liabilities, recognising the difference in retained earnings. The impact on transition is summarised below.

	1 July 2019
	\$'000
Right-of-use assets presented in property, plant and equipment	19,964
Lease liabilities	19,964

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using its incremental borrowing rate at 1 July 2019. The weighted-average rate applied is 5%.

	1 July 2019
	\$'000
Operating lease commitment at 30 June 2019 as disclosed in the Group's consolidated financial statements	29,700
Discounted using the incremental borrowing rate at 1 July 2019	19,964
Lease liabilities recognised at 1 July 2019	19,964

ii) Impacts for the period

As a result of initially applying AASB 16, in relation to the leases that were previously classified as operating leases, the Group recognised a right-of-use asset of \$19,964 thousand and lease liabilities of \$19,964 thousand as at 31 December 2019.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2019

4. Changes in significant accounting policies (continued)

c) Impacts on financial statements (continued)

ii) Impacts for the period (continued)

Also, in relation to those leases under AASB 16, the Group has recognised depreciation and interest costs, instead of operating lease expense. During the six months ended 31 December 2019, the Group recognised \$1,069 thousand of depreciation charges and \$474 thousand of interest costs from these leases.

5. Operating segments

The Group manages its operations as a single business operation and there are no parts of the Group that qualify as operating segments under AASB 8 Operating Segments. The Managing Director and Chief Executive Officer (Chief Operating Decision Maker or 'CODM') assesses the financial performance of the Group on an integrated basis only and accordingly, the Group is managed on the basis of a single segment, being the provision of freight forwarding services.

6. Revenue

The Group's operations and main revenue streams are those described in the last annual financial statements. The Group generates revenue primarily from the provision of freight forwarding services to its customers. Other sources of revenue include interest income from term deposits.

	Six months ended 31 December 2019 \$'000	16 March 2018 to 31 December 2018 \$'000
Revenue from contracts with customers	44,725	69,579
Other revenue		
Interest income	10	52
Other income	321	123
	<u>331</u>	<u>175</u>
Total revenue	<u>45,056</u>	<u>69,754</u>

a) Disaggregation of revenue

In the following table, revenue from contracts with customers is disaggregated by business division.

Air freight - general cargo	38,064	65,015
Air freight - perishables	2,388	1,796
Sea freight	1,344	511
Road freight	1,127	1,271
General cargo and eCommerce imports	1,802	986
	<u>44,725</u>	<u>69,579</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2019

7. Employee benefit expenses

	Six months ended 31 December 2019	16 March 2018 to 31 December 2018
	\$'000	\$'000
Salaries and wages	4,454	5,697
Contractor costs	3,534	2,137
Contributions to superannuation funds	404	251
Increase in employee benefits	158	113
Other employee expenses	257	221
	8,807	8,419

8. Income taxes

a) Amounts recognised in profit or loss

	Six months ended 31 December 2019	16 March 2018 to 31 December 2018
	\$'000	\$'000
Current year	-	686
	-	686
Deferred tax expense		
Deferred tax expense/(benefit)	1,574	(323)
Income tax expense	1,574	363

b) Reconciliation of effective tax rate

Loss before tax	(3,288)	(315)
Tax using the Group's domestic Australian tax rate of 30%	986	(95)
Tax effect of:		
Non-deductible expenses	13	458
Unrecognised deductible temporary differences	(999)	-
	-	363

c) Movement in deferred tax balances

Share issue costs	(760)	760
Trade and other receivables	(88)	88
Property, plant and equipment	(84)	84
Employee benefits	(297)	297
Other payables	(249)	249
Tax losses carried forward	(100)	100
Deferred tax assets	(1,578)	1,578

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2019

9. Trade and other receivables

	31 December 2019	30 June 2019
	\$'000	\$'000
Trade receivables	11,116	8,811
Less: Provision for doubtful debts	(447)	(297)
Net trade receivables	10,669	8,514
Net GST receivables	1,047	2,503
Other receivables	664	376
	12,380	11,393

10. Property, plant and equipment

	Land and buildings	Leasehold improvements	Plant and equipment	Motor vehicles	Total
Cost	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 30 June 2019	11,327	6,167	1,832	10,943	30,269
Additions	-	114	1,747	1,285	3,146
Addition of right-of-use assets	19,964	-	-	-	19,964
Disposals	-	-	-	(111)	(111)
Balance at 31 December 2019	31,291	6,281	3,579	12,117	53,268

Accumulated depreciation

Balance at 30 June 2019	(142)	(487)	(338)	(4,337)	(5,304)
Depreciation	(1,351)	(313)	(185)	(686)	(2,535)
Disposals	-	-	-	101	101
Balance at 31 December 2019	(1,493)	(800)	(523)	(4,922)	(7,738)

Carrying amounts

At 31 December 2019	29,798	5,481	3,056	7,195	45,530
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	Land and buildings	Leasehold improvements	Plant and equipment	Motor vehicles	Total
Cost	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 16 March 2018	-	-	-	-	-
Acquisition of subsidiaries	-	1,881	721	9,634	12,236
Additions	11,327	4,286	1,113	1,678	18,404
Disposals	-	-	(2)	(369)	(371)
Balance at 30 June 2019	11,327	6,167	1,832	10,943	30,269

Accumulated depreciation and impairment losses

Balance at 16 March 2018	-	-	-	-	-
Acquisition of subsidiaries	-	(141)	(167)	(3,245)	(3,553)
Depreciation	(142)	(346)	(171)	(1,362)	(2,021)
Disposals	-	-	-	270	270
Balance at 30 June 2019	(142)	(487)	(338)	(4,337)	(5,304)

Carrying amounts

Balance at 30 June 2019	11,185	5,680	1,494	6,606	24,965
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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2019

11. Trade and other payables

	31 December 2019	30 June 2019
Note	\$'000	\$'000
Trade payables	7,699	7,999
Other payables	1,331	1,891
	<u>9,030</u>	<u>9,890</u>

12. Loans and borrowings

	31 December 2019	30 June 2019
	\$'000	\$'000
Current liabilities		
Finance lease liabilities	2,899	2,612
Lease liabilities	1,529	-
Loans from related parties	14 360	277
	<u>4,788</u>	<u>2,889</u>
Non-current liabilities		
Finance lease liabilities	5,972	5,872
Lease liabilities	17,556	-
Secured bank loans	5,327	4,500
	<u>28,855</u>	<u>10,372</u>

a) Finance lease liabilities

Finance lease liabilities are payable as follows:

	Future minimum lease payments 31 December 2019	Interest 31 December 2019	Present value of minimum lease payments 31 December 2019
	\$'000	\$'000	\$'000
Less than one year	5,732	(1,303)	4,428
Between one and five years	16,156	(3,304)	12,852
More than five years	12,324	(1,648)	10,675
	<u>34,212</u>	<u>(6,256)</u>	<u>27,956</u>
	Future minimum lease payments 30 June 2019	Interest 30 June 2019	Present value of minimum lease payments 30 June 2019
	\$'000	\$'000	\$'000
Less than one year	2,994	(382)	2,612
Between one and five years	6,337	(465)	5,872
More than five years	-	-	-
	<u>9,331</u>	<u>(847)</u>	<u>8,484</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2019

13. Capital and reserves

Date	Details	31 December 2019	31 December 2019	31 December 2019
		No.	Issue price	\$'000
30 June 2019	Opening balance	121,074,003		21,487
27 August 2019	Ordinary shares issued - AZ Global	18,161,100	0.25	4,540
30 October 2019	Ordinary shares issued - employees	1,083,666	-	-
31 December 2019	Closing balance	140,318,769		26,027

Date	Details	30 June 2019	30 June 2019	30 June 2019
		No.	Issue price	\$'000
16 March 2018	Opening balance	-	-	-
6 July 2018	Ordinary shares issued - existing shareholders	79,830,863	-	3,038
31 August 2018	Ordinary shares issued - existing shareholders	878,140	-	44
31 October 2018	Ordinary shares issued - non-exective directors	185,000	-	-
31 October 2018	Ordinary shares issued - IPO	40,000,000	0.50	20,000
31 October 2018	Ordinary shares issued - employee gift offer	180,000	-	-
31 October 2018	Share issue costs, net of tax	-	-	(1,595)
30 June 2019	Closing balance	121,074,003		21,487

14. Related parties

A number of these entities transacted with the Group during the six months ended 31 December 2019. 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.

RTF Investment Management Pty Limited as trustee for RFT Trust, a trust of which Roger Tong and Florence Tong are the beneficiaries, provided leased commercial premises to the Group on normal commercial terms and conditions. During the six months ended 31 December 2019, the rental amount paid to this related entity by the Group was \$762,000 (16 March 2018 to 31 December 2018: \$859,000).

The Group has historically provided and/or received short-term loans to or from Roger Tong and Florence Tong. The loans are unsecured, repayable on demand and interest free. As at 31 December 2019 the outstanding balance due to Executive Directors was \$327,217 (30 June 2019: due from Executive Directors \$3,201).

15. Contingencies

	31 December 2019	30 June 2019
	\$'000	\$'000
Bank guarantees	542	812
	542	812

The bank guarantees relate to term deposits provided as security for leases for rented premises.

WISEWAY GROUP LIMITED
ABN 26 624 909 682
DIRECTORS' DECLARATION

In the opinion of the directors of Wiseway Group Limited (the "Company"):

- a) the condensed consolidated financial statements and notes set out on pages 7 to 20, are in accordance with the Corporations Act 2001, including:
 - i) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001 and
 - ii) giving a true and fair view of the Group's financial position as at 31 December 2019 and of its performance for the six months ended on that date and
- b) 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 a resolution of the directors:



Florence Tong
Executive Director and Managing Director



Roger Tong
Executive Director and Chief Executive Officer

Dated at Sydney this 27th day of February 2020

Independent Auditor's Review Report

To the shareholders of Wiseway Group Limited,

Report on the Interim Financial Report

Conclusion

We have reviewed the accompanying **Interim Financial Report** of Wiseway Group Limited.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Interim Financial Report of Wiseway Group Limited is not in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Group's** financial position as at 31 December 2019 and of its performance for the Interim Period ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The **Interim Financial Report** comprises:

- Condensed consolidated statement of financial position as at 31 December 2019;
- Condensed consolidated statement of profit or loss and other comprehensive income, Condensed consolidated statement of changes in equity and Condensed consolidated statement of cash flows for the Interim Period ended on that date;
- Notes 1 to 15 comprising a summary of significant accounting policies and other explanatory information; and
- The Directors' Declaration.

The **Group** comprises Wiseway Group Limited (the Company) and the entities it controlled at the Interim Period's end or from time to time during the Interim Period.

The **Interim Period** is the 6 months ended on 31 December 2019.

Responsibilities of the Directors for the Interim Financial Report

The Directors of the Group are responsible for:

- the preparation of the Interim Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*; and
- such internal control as the Directors determine is necessary to enable the preparation of the Interim Financial Report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the Interim Financial Report

Our responsibility is to express a conclusion on the Interim 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 Interim 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 31 December 2019 and its performance for the Interim Period ended on that date; and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Wiseway Group Limited, *ASRE 2410* requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

KPMG

KPMG



Malcolm Kafer
Partner
Sydney
27 February 2020

WISEWAY GROUP LIMITED
ABN 26 624 909 682
CORPORATE DIRECTORY

Directors

Michael Hughes
Independent Non-Executive Chairman

Stephen Chan
Independent Non-Executive Director

Lin Xu
Non-Executive Director

Florence Tong
Executive Director and Managing Director

Roger Tong
Executive Director and Chief Executive Officer

Company secretary

Florence Tong
Company Secretary

Registered Office

Wiseway Group Limited
39-43 Warren Avenue
Bankstown NSW 2000

Auditor

KPMG
Level 38, Tower 3
International Towers Sydney
300 Barangaroo Avenue
Sydney NSW 2000

Share Registry

Link Market Services Limited
Level 12, 680 George Street
Sydney NSW 2000