

PAY ASIA PTE LTD
INTERIM CONDENSED AGGREGATED FINANCIAL STATEMENTS
30 SEPTEMBER 2017

Directors	Mark Stephen Malhotra Samlal Lawrence Pushpam
Registered office	545 Orchard Road #13-04 Far East Shopping Centre Singapore 238882
Company registration number	200614858K
Auditors	Grant Thornton Audit Pty Ltd
Secretary	Yzelman Virginia Juliana Nee Rappa

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The Directors of Pay Asia Pte Ltd (PayAsia) present their Report together with the interim condensed aggregated financial statements of the Group as defined in Note 1 of this interim report for the half year ended 30 September 2017.

Director details

The following persons were Directors of PayAsia during or since the end of the financial half year:

- Mark Stephen Malhotra Samlal
- Lawrence Pushpam
- Simon Forrester (resigned 7 April 2017)

Review of operations and financial results

The operating result of the Group was \$102,464.

The principal activities of the Group in the course of the financial half year are to provide payroll, human resource and consulting services.

A copy of the Auditors Independence Declaration is included on page 2 of this report and forms part of this Directors' Report.

Post balance date event

Since 30 September 2017, the following significant activities have been undertaken by the Directors:

- The subsidiary company based in India, Pay Asia Management Private Limited has been sold, effective 31 March 2018. The underlying Indian payroll outsourcing business was not consistent with the overall group strategy for PayAsia and the Directors completed a sale.

The directors are currently undertaking a project to list the company on the Australian Stock Exchange (ASX) via a share swap transaction with an Australian company, PayGroup Ltd. PayGroup Ltd was formed with the sole purpose of acquiring the shares in the company and listing on the ASX. The project remains in progress.

Apart from the matters noted above, no matter or circumstance has arisen since 30 September 2017 that has significantly affected, or may significantly affect the aggregated entity's operations, the results of those operations, or the aggregated entity's state of affairs in future financial years.



Mark Stephen Malhotra Samlal
Director
Singapore: 21 May 2018

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Auditor's Independence Declaration To the Directors of Pay Asia Pte Ltd

In accordance with the requirements of APES 110 *Code of Ethics for Professional Accountants* (the Code), as lead auditor for the review of Pay Asia for the period ended 30 September 2017, I declare that, to the best of my knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the review.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



E W Passaris
Partner - Audit & Assurance

Melbourne, 21 May 2018

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PAY ASIA PTE LTD

**AGGREGATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 30 SEPTEMBER 2017**

	Note	AGGREGATED 30 September 2017 \$SGD
Sales Revenue	7	3,103,535
Other income	8	134,093
		3,237,628
Subcontractors		(766,595)
Employee benefits expense		(1,060,147)
Depreciation & amortisation		(57,887)
Other operating expenses		(1,242,765)
Finance costs		(5,810)
Profit before taxation		104,424
Taxation expense		(1,960)
Profit after taxation		102,464
Other comprehensive income / (loss):		
Items that may be reclassified subsequently to profit & loss:		
Foreign currency translation		1,605
Total comprehensive income for the year		104,069

The accompanying notes form part of these financial statements.

PAY ASIA PTE LTD
AGGREGATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2017

	Note	AGGREGATED	
		30 September 2017 \$SGD	31 March 2017 \$SGD
ASSETS			
Current			
Bank balances	9	1,257,962	2,189,922
Trade and other receivables		2,101,779	1,625,459
Investments		275,299	-
Current assets		3,635,040	3,815,381
Non-current			
Plant & equipment		74,905	58,795
Intangible assets		1,018,603	853,385
Investments		-	275,299
Non-current assets		1,093,508	1,187,479
Total assets		4,728,548	5,002,860
LIABILITIES			
Current			
Trade and other payables		2,202,494	2,897,083
Borrowings		37,500	237,086
Current liabilities		2,239,994	3,134,169
Non-current			
Borrowings		641,843	126,049
Deferred tax liability		126,500	126,500
Non-current liabilities		768,343	252,549
Total liabilities		3,008,337	3,386,718
Net assets		1,720,211	1,616,142
EQUITY			
Equity attributable to owners of the parent			
Share capital		50,400	50,400
Treasury shares		(183,000)	(183,000)
Retained earnings		1,828,160	1,725,696
Other reserves		20,000	20,000
Foreign currency translation reserve		4,651	3,046
Total equity		1,720,211	1,616,142

The accompanying notes form part of these financial statements.

PAY ASIA PTE LTD
 AGGREGATED STATEMENT OF CHANGES IN EQUITY
 FOR THE HALF YEAR ENDED 30 SEPTEMBER 2017

AGGREGATED	<u>Share capital</u> \$SGD	<u>Retained earnings</u> \$SGD	<u>Treasury shares</u> \$SGD	<u>Currency translation reserves</u> \$SGD	<u>Other reserves</u> \$SGD	<u>Total equity</u> \$SGD
Balance at 1 April 2017	50,400	1,725,696	(183,000)	3,046	20,000	1,616,142
Profit for the period	-	102,464	-	-	-	102,464
Other comprehensive income	-	-	-	1,605	-	1,605
Total comprehensive income	-	102,464	-	1,605	-	104,069
Balance at 30 September 2017	50,400	1,828,160	(183,000)	4,651	20,000	1,720,211

The accompanying notes form part of these financial statements.

PAY ASIA PTE LTD
AGGREGATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 30 SEPTEMBER 2017

	Note	AGGREGATED	
		30 September	31 March
		2017	2017
		\$SGD	\$SGD
Cash flows from operating activities			
Profit before taxation		102,464	
Adjustments for:			
Interest expense		5,810	
Depreciation and amortisation		57,887	
Foreign currency translation		2,350	
Operating profit before working capital changes		<u>168,511</u>	
Total changes in working capital, net effects from:			
Trade and other receivables		(476,320)	
Trade and other payables		<u>(71,670)</u>	
Net cash (used in) / generated from operating activities		<u>(379,479)</u>	
Cash flow from investing activities			
Purchase of plant and equipment		(16,107)	
Increase in intangibles		<u>(223,103)</u>	
Net cash used in investing activities		<u>(239,210)</u>	
Cash flows from financing activities			
Proceeds from bank borrowings		391,207	
Repayment of bank borrowings		(75,000)	
Interest paid		<u>(5,810)</u>	
Net cash generated from / (used in) financing activities		<u>310,397</u>	
Net decrease in cash and cash equivalents		<u>(308,292)</u>	
Add: Cash and cash equivalents at beginning of the half year		459,344	
Effects of exchange rate changes on cash and cash equivalents		<u>(749)</u>	
Cash and cash equivalents as at end of the half year		<u>150,303</u>	
Cash and cash equivalents		30 September	31 March
		2017	2017
		\$SGD	\$SGD
Cash & cash equivalents included in the statement of cash flows comprise the following:			
Bank balances		1,257,962	2,189,922
Less: Clients' monies (restricted balances)		1,107,659	1,730,578
Cash and cash equivalents		<u>150,303</u>	<u>459,344</u>

The accompanying notes form part of these financial statements

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. General Information

The pro forma aggregated financial information (Financial Information) is that of the Pay Asia Pte Ltd Aggregated Group which is an aggregation of the following entities:

- Pay Asia Pte Ltd
- Pay Asia Ltd (domiciled in Hong Kong)
- Pay Asia Services Limited Inc (domiciled in Philippines)
- Pay Asia Australia Pty Ltd (domiciled in Australia)

The following subsidiary has been excluded from the aggregation:

- Pay Asia Management Private Limited (domiciled in India)

The company has presented this Financial Information to specifically exclude the impact of Pay Asia Management Private Limited for the benefit of potential future stakeholders. As noted in Note 13 the Directors of the Company are considering a transaction whereby the Aggregated Group will be listing on the Australian Stock Exchange (ASX) via a share swap transaction with an Australian company, PayGroup Limited. The share swap is proposed to be undertaken with PayGroup Limited, an Australian company established for the sole purpose of acquiring the shares of Pay Asia Pte Ltd and Listing on the ASX. The principles of aggregation are set out below.

The presentation currency and functional currency of the Group is Singapore dollars.

2. Significant accounting policies

This interim condensed aggregated financial report is intended to provide users with an update on the latest annual financial statements of Pay Asia Pte Ltd and its controlled entities as defined above (referred to as the "aggregated group" or "group"). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group.

These financial statements were authorised for issue on 21 May 2018.

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

The Group has considered the implications of new or amended Accounting Standards in the current financial year, but has determined that their application to the financial information is either not relevant or not material.

3. Principles of aggregation

This Financial Information comprises aggregated financial information and does not constitute consolidated financial information as required by AASB 10 'Consolidated Financial Statements'.

This aggregated financial information incorporates the book values of assets and liabilities of the entities of the Group as noted above as at 30 September 2017 and 31 March 2017 and the results of these entities for the half year ended 30 September 2017.

In preparing the aggregated financial information, the following aggregation principles in relation to transactions and balances have been applied:

- All intercompany balances between entities within the Group including any unrealised profits or losses have been eliminated.

- All intercompany dividends and distributions within the Group have been eliminated.
- All intercompany transactions between entities in the Group have been eliminated.

4. Basis of preparation

These special purpose financial statements for the interim half year reporting period ended 30 September 2017 have been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting*.

These interim financial statements do not include all the notes of the type typically included in the annual financial report. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 31 March 2017 and any public announcements made by Pay Asia Pte Ltd during this interim period.

These special purpose financial statements exclude the requirements of the Australian Accounting Standards listed below:

- AASB 10 'Consolidated Financial Statements' – This Financial Information comprises aggregated financial information and does not constitute consolidated financial information as required by AASB 10 'Consolidated Financial Statements'.
- AASB 101 'Presentation of Financial Statements' – The following statements have not been presented:
 - Comparative Interim Condensed Aggregated Statement of Comprehensive Income for the 6 months ended 30 September 2016
 - Comparative Interim Condensed Aggregated Statement of Changes in Equity for the 6 months ended 30 September 2016
 - Comparative Interim Condensed Aggregated Statement of Cash Flows for the 6 months ended 30 September 2016
 - Relevant notes supporting the above statements have not been presented.

The Financial Information has been prepared under the historical cost convention. Historical cost is generally based on the fair values of the consideration given in exchange for goods and services.

5. Nature of operations

The Company is domiciled and incorporated as a limited liability company in Singapore. Its registered office is located at 545 Orchard Road #13-04 Far East Shopping Centre Singapore 238882, whose shares are not publicly traded.

The principal activities of the Company in the course of the financial half year are to provide payroll, human resource and consulting services.

6. Critical accounting judgements and key sources of estimation uncertainty

(i) Critical judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, the Group is of the opinion that there are no instances of application of judgement which are expected to have a significant effect on the amounts recognised in the financial statements, except from those involving estimates and as follows:

Capitalisation of intangibles

Costs directly attributable to the development of computer software are capitalised as intangible assets when the Group judged that the technical feasibility of the project is demonstrated, the Group has an intention and ability to complete and use the software and the costs can be measured reliably. Such costs include purchases of materials and services

and payroll-related costs of employees directly involved in the project. Research costs are recognised as an expense when incurred.

Determination of functional currency of the entities in the Group

The Effects of Changes in Foreign Exchange Rates requires the Company and the entities in the Group to determine its functional currency to prepare the financial statements. When determining its functional currency, the Company and the entities in the Group consider the primary economic environment in which it operates, i.e. the one in which it primarily generates and expends cash. The Company and the entities in the Group may also consider the funding sources. Management applied its judgement and determined that the functional currency of the Company is Singapore dollar ("SGD").

(ii) Key sources of estimation uncertainty

The Group believes that there are no key assumptions made concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period, except as disclosed below:

(a) *Depreciation & amortisation*

Plant & equipment and intangibles are depreciated and amortised on a straight-line basis over the estimated useful lives, after taking into account the estimated residual value. The Group reviews the estimated useful lives of the assets regularly in order to determine the amount of depreciation expense to be recorded during any reporting period. Changes in the expected level of use and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation and amortisation charges could be revised. Any changes in the economic useful lives or residual values could impact the depreciation charges and consequently affect the Group's results.

(b) *Impairment of trade receivables*

The Group evaluates whether there is any objective evidence that trade receivables are impaired and determines the amount of impairment losses as a result of the inability of the customers to make required payments. The Group determines the estimates based on the aging of the trade receivables balance, credit-worthiness, and historical write-off experience. If the financial condition of the customers were to deteriorate, actual write-offs would be higher than estimated.

(c) *Post-employment pension obligations*

The present value of the post-employment pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the interest rates of corporate bonds that are denominated in the currency in which the benefits will be paid.

(d) *Income taxes*

The Group has exposure to income taxes in the countries where it operates. Significant judgement is involved in determining the Group's provision for income taxes. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provision in the financial half year in which such determination is made.

(e) *Impairment of non-financial assets*

Plant and equipment and intangibles are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

The recoverable amounts of these assets and, where applicable, cash-generating units, have been determined based on value-in-use calculations. These calculations require the use of estimates. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit (or group of cash-generating units) and also to use many estimates and assumptions such as future market growth, forecast revenue and costs, useful lives and utilisation of the assets, discount rates and other factors.

7. Sales revenue

	Aggregated 30 September 2017 \$SGD
Payroll services	2,759,301
HR & Staffing	344,234
	3,103,535

8. Other revenue

	Aggregated 30 September 2017 \$SGD
Rental income	33,000
Foreign exchange gain	83,129
Other	17,964
	134,093

9. Bank balances

	Aggregated 30 September 2017 \$SGD	31 March 2017 \$SGD
Cash and cash equivalents	150,303	459,344
Clients' monies	1,107,659	1,730,578
	1,257,962	2,189,922

10. Share capital and treasury shares

	No of ordinary shares		Share capital \$SGD	Treasury shares \$SGD	Other reserves \$SGD
	Share capital	Treasury shares			
2017					
Beginning and end of half year	25,200	(1,764)	50,400	(183,000)	20,000

All issued ordinary shares are fully paid. The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

11. Related party transactions

An entity or individual is considered a related party of the Company for the purpose of the financial statement if:

- (i) it possesses the ability (directly or indirectly) to control or exercise significant influence over the financial and operating decisions of the Company or vice versa;
- (ii) it is subjected to common control or common significant influences.

During the financial year under review, there were the following significant related party transactions:

	Aggregated 30 September 2017 \$SGD
With companies in which the directors have an interest	
Services rendered	192,166
Payments on behalf	(39,000)
	<u>153,166</u>

12. Fair value of financial instruments

(a) Fair value

The carrying value of the financial instruments reported on the statement of financial position approximate their respective fair value due to the relatively short term maturity of the financial instruments.

13. Events after the reporting date

Since 30 September 2017, the following significant activities have been undertaken by the Directors:

- The subsidiary company based in India, Pay Asia Management Private Limited has been sold, effective 31 March 2018. The underlying Indian payroll outsourcing business was not consistent with the overall group strategy for the Group and the Directors completed a sale.
- The directors are currently undertaking a project to list the company on the ASX. The project remains in progress.

Apart from the matters noted above, no matter or circumstance has arisen since 30 September 2017 that has significantly affected, or may significantly affect the aggregated entity's operations, the results of those operations, or the aggregated entity's state of affairs in future financial years.

14. Authorisation of financial statements

The board of directors authorise these financial statements for issue on 21 May 2018.

In the opinion of the Directors of Pay Asia Pte Ltd:

- a The aggregated financial statements and notes of Pay Asia Pte Ltd are in accordance with the basis of preparation note, and including:
 - i Giving a true and fair view of its financial position as at 30 September 2017 and of its performance for the half-year ended on that date; and
 - ii Except as noted in the basis of preparation note, comply with Accounting Standard AASB 134 *Interim Financial Reporting*; 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.



Director

Mark Samlal

Dated the 21st day of May 2018

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Independent Auditor's Review Report To the Members of Pay Asia Pte Ltd

Report on the Half Year Financial Report

Qualified Conclusion

We have reviewed the accompanying half year aggregated financial report of Pay Asia Pte Ltd (the Company) and its subsidiaries (the Group), which comprises the aggregated statement of financial position as at 30 September 2017, and the aggregated statement of profit or loss and other comprehensive income, aggregated statement of changes in equity and aggregated statement of cash flows for the half year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half year aggregated financial report of Pay Asia Pte Ltd does not give a true and fair view of the financial position of the Group as at 30 September 2017, and of its financial performance and its cash flows for the half year ended on that date, including complying with Accounting Standard AASB 134 *Interim Financial reporting*, except for those matters described in the Basis for Qualified Conclusion and the Emphasis of Matter paragraphs.

Basis for Qualified Conclusion

The Aggregated Financial Information does not disclose comparative information for the period ended 30 September 2016 which results in a departure from the minimum disclosure requirements as prescribed by AASB 101 *Presentation of Financial Statements*. Accordingly, we are not in a position to and do not express an opinion on the comparatives.

Emphasis of matter – Basis of accounting

We draw attention to Note 4 to the aggregated financial report, which describes the basis of accounting. The aggregated financial report has been prepared to assist the Group to meet its financial reporting requirements relating to a proposed initial public offering of PayGroup Ltd, the Company's parent entity on subsequent listing. As a result, the aggregated financial report may not be suitable for another purpose. Our report is solely for the Directors and should not be distributed to or used by parties other than the Directors. Our opinion is not modified in respect of this matter.

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Directors' Responsibility for the Half Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year aggregated financial report does not provide a true and fair view of the Group's financial position as at 30 September 2017 and its performance for the half year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting*. As the auditor of PayAsia Pte Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we have complied with the independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our review of the half year financial report in Australia.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



E W Passaris
Partner - Audit & Assurance

Melbourne, 21 May 2018