

a2a GN Ltd and Controlled Entities

ACN 621 583 882

Financial Statements

For the three month period ended 31 March 2018

a2a GN Ltd and Controlled Entities

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For the three month period ended 31 March 2018

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Directors' Report

31 March 2018

The directors submit the financial report of the Group for the period ended 31 March 2018.

The names of each person who has been a director during the period and to the date of this report are:
Saw Leng Yue

Tai Shoo Loo

Yee Mun Loo

Marten Labo Pudun

Chih Chong

Directors have been in office since the start of the financial period to the date of this report.

Operating results and review of operations for the year

The consolidated loss of the Group for the period amounted to \$94,674, after providing for income tax.

During the period the Group continued to develop its business in accordance with its strategy.

Likely developments

The Group issued a Prospectus in conjunction with an application to list in the NSX on 5 February 2018. The Directors expect to list on the NSX in the near future. Pursuant to the Prospectus, a2a GN Ltd expects to issue 55,000 shares at an issue price of \$0.17 per share and raise \$9,350 contingent on listing on the NSX.

Auditor's independence declaration

The auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001* for the period ended 31 March 2018 has been received and can be found on page 2 of the financial report.

This report is signed in accordance with a resolution of the Board of Directors.

Director: 

Director: 

1st June 2018

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF A2A GN LIMITED**

As lead auditor of a2a GN Limited for the period ended 31 March 2018, I declare that, to the best of my knowledge and belief, there have been:

1. no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
2. no contraventions of any applicable code of professional conduct in relation to the audit.

LNP Audit and Assurance



Tony Rose
Director

1st June 2018

a2a GN Ltd and Controlled Entities

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Consolidated Statement of Profit or Loss and Other Comprehensive Income For the three month period ended 31 March 2018

	1 January 2018 to 31 March 2018
	\$
Sales revenue	606,487
Cost of sales	<u>(3,984)</u>
Gross profit	602,503
Other income	1,193
Marketing expenses	(39,703)
Occupancy costs	(13,513)
Administrative expenses	(414,865)
Professional fee	(46,733)
Other expenses	<u>(180,856)</u>
Loss before income tax	(91,974)
Income tax expense	<u>(2,700)</u>
Loss from continuing operations	<u>(94,674)</u>
Loss for the period	<u>(94,674)</u>
Other comprehensive income, net of income tax	
Items that will not be reclassified subsequently to profit or loss	-
Items that will be reclassified to profit or loss when specific conditions are met	
Exchange differences on translating foreign controlled entities	<u>69,554</u>
Other comprehensive income for the year, net of tax	
Total comprehensive income for the year	<u>(25,120)</u>
Loss Attributable to Members of the Parent Entity	<u>(94,674)</u>
Total comprehensive income attributable to Members of the parent entity	(25,120)
Loss per share	
Basic and diluted loss per share – cents per share	(0.06)

The accompanying notes form part of these financial statements.

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**Consolidated Statement of Financial Position
As At 31 March 2018**

	31 March, 2018 \$	31 December, 2017 \$
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	424,076	978,003
Trade and other receivables	469,423	33,884
TOTAL CURRENT ASSETS	893,499	1,011,887
NON-CURRENT ASSETS		
Property, plant and equipment	213,235	181,455
TOTAL NON-CURRENT ASSETS	213,235	181,455
TOTAL ASSETS	1,106,734	1,193,342
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	231,372	292,860
TOTAL CURRENT LIABILITIES	231,372	292,860
TOTAL LIABILITIES	231,372	292,860
NET ASSETS	875,362	900,482
EQUITY		
Issued capital	856,043	856,043
Reserves	144,492	74,938
Retained earnings	(125,173)	(30,499)
TOTAL EQUITY	875,362	900,482

The accompanying notes form part of these financial statements.

a2a GN Ltd and Controlled Entities

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Consolidated Statement of Changes in Equity

For the three month period ended 31 March 2018

2018

	Ordinary Shares	Retained Earnings	Foreign Currency Translation Reserve	Total
	\$	\$	\$	\$
Balance at January 1, 2018	856,043	(30,499)	74,938	900,482
Loss attributable to members of the parent entity	-	(94,674)	-	(94,674)
Total other comprehensive income for the period	-	-	69,554	69,554
Balance at 31 March 2018	856,043	(125,173)	144,492	875,362

2017

	Ordinary Shares	Retained Earnings	Foreign Currency Translation Reserve	Total
	\$	\$	\$	\$
Opening Balance – at incorporation	-	-	-	-
Net identifiable assets acquired	-	145,756	-	145,756
	-	(176,255)	-	(176,255)
Loss attributable to members of the parent entity	-	-	-	-
Total other comprehensive income for the period	-	-	74,938	74,938
	856,04			
Shares issued during the period	3	-	-	856,043
	856,04			
Balance at 31 December 2017	3	(30,499)	74,938	900,482

The accompanying notes form part of these financial statements.

a2a GN Ltd and Controlled Entities

Consolidated Statement of Cash Flows

For the three month period ended 31 March 2018

**1 January 2018 to
31 March 2018**

\$

CASH FLOWS FROM OPERATING ACTIVITIES:

Receipts from customers	216,598
Payments to suppliers and employees	(794,012)
Interest received	1,193
Net cash used in operating activities	<u>(576,221)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchase of property, plant and equipment	<u>(47,260)</u>
Net cash used in investing activities	<u>(47,260)</u>

Effects of exchange rate changes on cash and cash equivalents	69,554
Net decrease in cash and cash equivalents held	(623,481)
Cash and cash equivalents at beginning of period	<u>978,003</u>
Cash and cash equivalents at end of period	<u><u>424,076</u></u>

The accompanying notes form part of these financial statements.

a2a GN Ltd and Controlled Entities

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Notes to the Financial Statements

For the three month period ended 31 March 2018

The financial report covers a2a GN Ltd and its controlled entities ('the Group'). a2a GN Ltd is a for-profit Company limited by shares, incorporated in Australia.

Each of the entities within the Group prepare their financial statements based on the currency of the primary economic environment in which the entity operates (functional currency). The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

The financial report was authorised for issue by the Directors on 1 June 2018

1 Basis of Preparation

This condensed consolidated interim financial report for the reporting period ending 31 March 2018 has been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: *Interim Financial Reporting*.

The interim financial report is intended to provide users with an update on the latest annual financial statements of a2a GN Ltd and controlled entities (the Group). As such it does not contain information that represents relatively insignificant changes occurring during the period within the Group. This condensed consolidated financial report does not include all the notes normally included in an annual financial report. It is therefore recommended that this financial report be read in conjunction with the financial statements of the Group for the period ended December 31, 2017 (the Groups first financial statements) , together with any public announcements made during the period.

No comparatives exist for Statement of Profit or Loss and Other Comprehensive Income and the Statement of Cash Flows as the Company was incorporated on 8 September 2017.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements.

Notes to the Financial Statements

For the three month period ended 31 March 2018

2 Summary of Significant Accounting Policies

(a) New Accounting Standards and Interpretations

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Group has decided not to early adopt these Standards. The following table summarises those future requirements, and their impact on the Group where the standard is relevant.

Standard	Effective date	Requirements	Impact
AASB 16 Leases	Annual reporting period beginning on or after 1 January 2019	AASB 16 will cause the majority of an entity to be brought onto the statement of financial position. There are limited exceptions relating to existence short term leases and low value assets which may remain off balance sheet. The calculation of the lease liability will take into account appropriate discount rates, assumptions about lease term and increases in lease payments. A corresponding right to use asset will be recognised which will be amortised over the term of the lease. Rent expense will no longer be shown, the profit and loss impact of the leases will be through amortisation and interest charges.	The leases currently in existence are immaterial, and accordingly no material impact is expected, but further analysis will be undertaken by management.

3 Critical Accounting Estimates and Judgments

The directors make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

Key judgments

Going concern basis of accounting

For the period ended 31 March 2018 the Group incurred a loss of \$94,674, had operating cash outflows of \$576,221 and at 31 March 2018 had cash of \$424,076 (31 December 2017 \$978,003) and net current assets of \$662,127 (31 December 2017 \$719,027).

The ability of the Company and the Group to continue to pay their debts as and when they fall due are dependent upon Company and the Group making sufficient profits or sourcing additional working capital as required.

As is common in new technology-based businesses, early stage shareholders have invested capital, which has been used for initial and development expenditures relating to the Group's technological and operational platform and losses are necessarily incurred in this model prior to revenues being generated. The Directors are of the view that a significant portion of initial and development expenditures have been incurred and the Group is in a position to leverage its technology platform. Whilst not expected to be required, there is the option to reduce expenditure should this be necessary.

The Directors have already raised capital to get to the current stage and are confident of raising sufficient additional capital from shareholders and financiers as and when it may be required. Supporting this, Tai Shoo Loo, Saw Leng Yue and Yee Mun Loo ("Guaranteeing Directors") have jointly and severally given a personal guarantee to the Group with the effect that together the Guaranteeing Directors will make sufficient funds available to Group if required to enable the Group to meet the Group's obligations in the normal course of business for a period of 12 months from 31 March 2018 or the Listing Date, whichever is the latter, and that the Guaranteeing Directors are in a position to make this guarantee.

Should the Group not achieve some or all of the above, this may impact the Group's ability to continue as a going concern. Going Concern may be impacted and therefore the Group may not be able to realise its assets and extinguish its liabilities in the ordinary course of operations and at the amounts stated in the financial report.

Notwithstanding the above, the directors believe that the Group will be successful in the above matters and be in a position to realise its assets and settle its liabilities and commitments in the normal course of business and at the amounts stated in the financial report. Accordingly, the financial report has been prepared on a going concern basis.

In the event that the Group does not achieve the conditions stated by the Directors, the ability of the Company and therefore the Group to continue as a Going Concern may be impacted and therefore the Group may not be able to realise its assets and extinguish its liabilities in the ordinary course of operations and at the amounts stated in the financial report. No adjustments have been made to the recoverability and classification of recorded asset values and the amount and classification of liabilities that might be necessary should the Group and company not continue as going concerns.

4 Earnings per Share

Reconciliation of earnings to profit or loss from continuing operations

	2018 \$
Loss from continuing operations, used to calculate overall earnings per share	<u>(94,674)</u>
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	2018 No.
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	<u>153,532,648</u>

In the opinion of the Directors, the Company did not have any material contingencies or commitments at 31 March 2018 (31 December 2017: None).

5 Related Parties

The Group's main related parties are;

The ultimate parent entity, which exercises control over the Group, is a2a GN Ltd which is incorporated in Australia. The ultimate parent owns 100% of a2a Global Network Holdings Sdn Bhd which owns 100% of a2a Global Network Sdn Bhd. Each subsidiary entity is incorporated in Malaysia.

Other related parties include close family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel or their close family members.

Material transactions with related parties are as follows;

Tai Shoo Loo, Saw Leng Yue and Yee Mun Loo ("Guaranteeing Directors") have jointly and severally given a personal guarantee to the Group with the effect that together the Guaranteeing Directors will make sufficient funds available to Group if required to enable the Group to meet the Group's obligations in the normal course of business for a period of 12 months from 31 March 2018 or the Listing Date, whichever is the latter, and that the Guaranteeing Directors are in a position to make this guarantee.

The directors receive remuneration for services that are determined on normal commercial arms length bases.

6. Economic Dependency

The Groups sales revenue of \$606,487 includes revenue of \$518,470 from one client Ahava Consulting Sdn Bhd.

Trade and other receivables of \$469,423 includes \$381,139 due from Ahava Consulting Sdn Bhd.

The group is economically dependent on this customer. The Directors are fully aware of this, and are undertaking activities to mitigate and reduce this dependence at the earliest opportunity.

7 Events Occurring After the Reporting Date

The financial report was authorised for issue on 1 June 2018 by the board of directors.

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

8 Segment information

Notwithstanding that the group intends to list on the NSX in Australia, until that time The Group operates in one geographic and operational segment being the provision of services in Malaysia.

9 Statutory Information

The registered office of the company is:

Level 12, 225 George Street
Sydney NSW 2000

a2a GN Ltd and Controlled Entities


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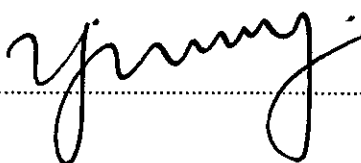
Directors' Declaration

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 3 to 11 are in accordance with the *Corporations Act 2001*, including:
 - (a) complying with Accounting Standard AASB 134: Interim Financial Reporting; and
 - (b) give a true and fair view of the consolidated group's financial position as at 31 March 2018 and of its performance for the period ended on that date.
2. In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Director 

Director 

1st June 2018

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF A2A GN LTD

Report on the Audit of the Interim Financial Report

Opinion

We have audited the interim financial report of A2a GN Ltd (the Company), including its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 March 2018, the consolidated income statement, consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the period then ended, notes comprising a summary of significant accounting policies and other explanatory information and the Directors' Declaration of the Company.

In our opinion:

- (a) the accompanying financial report of A2a GN Ltd is in accordance with the Corporations Act 2001, including:
 - i) Giving a true and fair view of the Group's consolidated financial position as at 31 March 2018 and of its consolidated financial performance for the period ended on that date; and
 - ii) Complying with Australian Accounting Standard AASB134 Interim Financial Reporting and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia; and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Relating to Going Concern

We draw attention to Note 3 in the financial report which indicates that the Group incurred a loss of \$94,674, had operating cash outflows of \$576,221 and at 31 March 2018 had cash of \$424,076 (31 December 2017 \$978,003) and net current assets of \$662,127 (31 December 2017 \$719,027).

The ability of the Company and the Group to continue to pay their debts as and when they fall due are dependent upon the Company and the Group making sufficient profits or sourcing additional working capital as required.

As is common in new technology-based businesses, early stage shareholders have invested capital, which has been used for initial and development expenditures relating to the Group's technological and operational platform and losses are necessarily incurred in this model prior to revenues being generated. The Directors are of the view that a significant portion of initial and development expenditures have been incurred and the Group is in a position to leverage its technology platform. Whilst not expected to be required, there is the option to reduce expenditure should this be necessary.

The Directors have already raised capital to get to the current stage and are confident of raising sufficient additional capital from shareholders and financiers as and when it may be required. Supporting this, Tai Shoo Loo, Saw Leng Yue and Yee Mun Loo ("Guaranteeing Directors") have jointly and severally given a personal guarantee to the Company and the Group with the effect that together the Guaranteeing Directors will make sufficient funds available to the Company and the Group if required to enable the Company and the Group to meet the Company and the Group's obligations in the normal course of business for a period of 12 months from 31 March 2018 or the Listing Date, whichever is the latter, and that the Guaranteeing Directors are in a position to make this guarantee.

As started in Note 3 these events or conditions, along with other matters set out in Note 3, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

No adjustments have been made to the financial report relating to the recoverability or classification of the recorded asset amounts and classification of liabilities that maybe necessary should the Group not continue as a going concern.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context. We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

Key Audit Matter	How our audit addressed the matter
<p>Related Party Disclosures</p> <p>The related parties identified by the Group are the Directors and their related parties. The Group's working capital is being guaranteed by the directors at 31 March 2018.</p> <p>Related party transactions are a key audit matter as they are integral to financing and operations of the Group.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> • Critically enquiring of and considering the identity of related parties and related party transactions, • obtaining correspondence from relevant related parties in relation to transactions, balances and terms, • considering the terms of transactions with related parties, and • evaluating the adequacy of disclosure of related party transactions and balances

Directors' Responsibilities

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are 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 and 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.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting in the preparation of the financial report. We also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events and conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the disclosures in the financial report about the material uncertainty or, if such disclosures are inadequate, to modify our opinion on the financial report. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We are also required to provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the Directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Anthony Rose.

LNP Audit and Assurance Pty Ltd

A handwritten signature in black ink, appearing to be 'AR', with a stylized flourish extending from the end.

Anthony Rose

Director

Sydney, 1st June 2018