

a2a GN Ltd and Controlled Entities

ACN 621 583 882

Financial Statements

Half Year ended 30 June 2018

a2a GN Ltd and Controlled Entities

ACN 621 583 882

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For the half-year ended 30 June 2018

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Directors' Report

30 June 2018

The directors submit the financial report of the Group for the half-year ended 30 June 2018.

Directors

The names of each person who has been a director during the half-year and to the date of this report are:

Saw Leng Yue

Tai Shoo Loo

Yee Mun Loo

Marten Labo Pudun Resigned 1 September 2018

Chih Chong

James Stephen Barrie Appointed 1 September 2018

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 half-year amounted to \$406,726, after providing for income tax. During the period the Group continued to develop its business in accordance with its strategy.

Likely developments

The Group listed on the NSX on 15 June 2018. The Group is currently expanding its operations to Australia but has yet to realise material revenues from the Australian operation as at 30 June 2018.

Auditor's independence declaration

The auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001* for the half-year ended 30 June 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: 

Sydney 12 September 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 half-year ended 30 June 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



Anthony Rose
Director

Sydney 12 September 2018

a2a GN Ltd and Controlled Entities

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Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half-year ended 30 June 2018

		1 January 2018 to 30 June 2018
	Note	\$
Revenue	4	1,209,307
Other income		2,347
Marketing expenses		(122,963)
Occupancy costs		(25,949)
Administrative expenses		(618,519)
Professional fees		(491,340)
Travelling expenses		(269,275)
Other expenses		(83,475)
Loss before income tax		(399,867)
Income tax expense		(6,859)
Loss from continuing operations		(406,726)
Loss for the period		(406,726)
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		58,949
Other comprehensive income for the period, net of tax		-
Total comprehensive income for the period		(347,777)
Loss Attributable to Members of the Parent Entity		(406,726)
Total comprehensive income attributable to Members of the parent entity		(347,777)
Loss per share		
Basic and diluted loss per share – cents per share	5	(0.26)

The accompanying notes form part of these financial statements.

a2a GN Ltd and Controlled Entities

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Condensed Consolidated Statement of Financial Position

As At 30 June 2018

	Note	30 June, 2018 \$	31 December, 2017 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		145,501	978,003
Trade and other receivables		603,490	33,884
TOTAL CURRENT ASSETS		<u>748,991</u>	<u>1,011,887</u>
NON-CURRENT ASSETS			
Property, plant and equipment		187,857	181,455
TOTAL NON-CURRENT ASSETS		<u>187,857</u>	<u>181,455</u>
TOTAL ASSETS		<u>936,848</u>	<u>1,193,342</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		374,793	292,860
TOTAL CURRENT LIABILITIES		<u>374,793</u>	<u>292,860</u>
TOTAL LIABILITIES		<u>374,793</u>	<u>292,860</u>
NET ASSETS		<u>562,055</u>	<u>900,482</u>
EQUITY			
Issued capital	6	865,393	856,043
Reserves		133,887	74,938
Retained earnings		(437,225)	(30,499)
TOTAL EQUITY		<u>562,055</u>	<u>900,482</u>

The accompanying notes form part of these financial statements.

a2a GN Ltd and Controlled Entities

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Condensed Consolidated Statement of Changes in Equity For the half-year ended 30 June 2018

2018

	Note	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		-	(406,726)	-	(406,726)
Total other comprehensive income for the period		-	-	58,949	58,949
Shares issued during the period	6	9,350	-	-	9,350
Balance at 30 June 2018		865,393	(437,225)	133,887	562,055

2017

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

The accompanying notes form part of these financial statements.

a2a GN Ltd and Controlled Entities

Condensed Consolidated Statement of Cash Flows

For the half-year ended 30 June 2018

1 January 2018 to
30 June 2018

\$

CASH FLOWS FROM OPERATING ACTIVITIES:

Receipts from customers	642,709
Payments to suppliers and employees	(1,508,050)
Interest received	1,214
Net cash used in operating activities	<u>(864,127)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchase of property, plant and equipment	(37,807)
Proceeds from sale of property, plant and equipment	1,133
Net cash used in investing activities	<u>(36,674)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from share issues	9,350
	<u>9,350</u>

Effects of exchange rate changes on cash and cash equivalents	58,949
Net decrease in cash and cash equivalents held	(891,451)
Cash and cash equivalents at beginning of period	978,003
Cash and cash equivalents at end of period	<u><u>145,501</u></u>

The accompanying notes form part of these financial statements.

a2a GN Ltd and Controlled Entities

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Notes to the Condensed Consolidated Financial Statements

For the half-year ended 30 June 2018

The financial report covers a2a GN Ltd and its controlled entities ('the Group'). a2a GN Ltd is a for-profit NSX listed company, incorporated in Australia. The principal activity of the Group during the financial period was developing and offering a data technology business platform, to connect and add value for merchants and consumers and to provide information technology consulting services.

Each of the entities within the Group prepares 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 12 September 2018

1 Basis of Preparation

This condensed consolidated interim financial report for the half-year ended 30 June 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 half-year 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 31 December, 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.

Changes in accounting policies, accounting standards and interpretations

The accounting policies adopted in the preparation of the financial statements for the half-year ended 30 June 2018 are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the period ended 31 December 2017, except for the adoption of the new standard noted below:

The Group has adopted accounting standard AASB 15 effective from 1 January 2018. The adoption of the standard has resulted in no amendments to revenue recognition for the period ended 31 December 2017. Revenue recognition policies under the new standard are as follows.

Revenue from consulting services

a2a recognises revenue from consulting income as the service is performed. Revenue from consulting is billed monthly as consulting services are provided to the client. Payments are typically due for service between 30 to 60 days.

Revenue from Memberships

A2a recognises revenue from memberships when a customer applies to sign up for the a2a platform. Revenue is received and billed on application for membership.

Revenue from commissions

Revenue from commissions are for providing an e-portal landing pad to customers for purchases from a client's webpage. Commissions are billed monthly and are on 30-day terms..

a2a GN Ltd and Controlled Entities

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Notes to the Condensed Consolidated Financial Statements

For the half-year ended 30 June 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 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 short term leases, 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 Judgements

a) Going concern basis of accounting

For the half-year ended 30 June 2018 the Group incurred a loss of \$420,726, had operating cash outflows of \$864,127 and at 30 June 2018 had cash of \$145,501 (31 December 2017 \$978,003) and net current assets of \$360,198 (31 December 2017 \$719,027). The Group has one customer for which revenues during the half year were \$1,096,585, being 91% of the Groups' total revenue for the half-year. Trade and other receivables includes \$557,397 due from that customer for services provided and \$12,834 for reimbursement of expenses incurred on behalf of the customer. Accordingly the Group is economically dependent on that customer.

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.

Notes to the Condensed Consolidated Financial Statements

For the half-year ended 30 June 2018

3 Critical Accounting Estimates and Judgments continued

a) Going concern basis of accounting continued

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 the period to 31 December 2019, 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.

b) Revenue from contracts with customers

Revenue from consulting services

Revenue from consulting income is measured monthly as the service is performed. A receivable in relation to Revenue is recognised monthly as the client maintains control of the services to be performed and the outputs of the service. There are no other performance obligations for consulting revenue.

Revenue from Memberships

Revenue from memberships is recognised when received. The membership fee is received when the application for membership is made. No future performance obligations are provided for membership.

Revenue from commissions

Revenue from commissions are recognised on a monthly basis. A receivable is recognised in relation to commissions monthly. No future performance obligations are required for revenue from commissions.

a2a GN Ltd and Controlled Entities

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Notes to the Condensed Consolidated Financial Statements For the half-year ended 30 June 2018

4 Revenue from contract

	2018 \$
Consulting services	1,096,585
Commissions	104,170
Memberships	8,552
	<u>1,209,307</u>

5 Earnings per Share

	2018 \$
Loss from continuing operations, used to calculate overall earnings per share	<u>(406,726)</u>

	2018 No.
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	<u>153,573,898</u>

There were no dilutive instruments at 30 June 2018.

a2a GN Ltd and Controlled Entities

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Notes to the Condensed Consolidated Financial Statements For the half-year ended 30 June 2018

6 Issued and paid-up capital

	June 2018 No	December 2017 No	June 2018 \$	December 2017 \$
Ordinary shares fully paid	153,587,648	153,532,648	865,393	856,043

Movements in ordinary share capital:

Date	Details	Number of shares	Issue Price	\$
1 January 2018	Opening balance	153,532,648		856,043
15 February 2018	Shares issued	55,000	\$0.17	9,350
31 December 2018	Balance	153,587,648		865,393

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

7 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 Directors, and 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 the period to 31 December 2019, 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 arm's length basis. As at 30 June 2018, total short-term benefits provided were \$61,514.

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Notes to the Condensed Consolidated Financial Statements

For the half-year ended 30 June 2018

8 Economic dependency

The Group has one customer for which revenues during the half year were \$1,096,585, being 91% of the Groups' total revenue for the half-year. Trade and other receivables includes \$557,397 due from that customer for services provided and \$12,834 for reimbursement of expenses incurred on behalf of the customer. Accordingly the Group is economically dependent on that customer.

The Directors are aware of this and are undertaking activities to mitigate and reduce this dependence at the earliest opportunity as they develop the business of the group in accordance with its strategy of providing a portfolio of service.

9 Segment information

The Group is in the process of building a presence in Australia. However, at 30 June 2018 the Group operates as a single segment which is the provision of services in a single geographic area being Malaysia.

10 Events Occurring After the Reporting Date

The financial report was authorised for issue on 12 September 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.

11 Commitments

The commitment under operating leases as at 30 June 2018 is \$180,849 all due within one year.

12 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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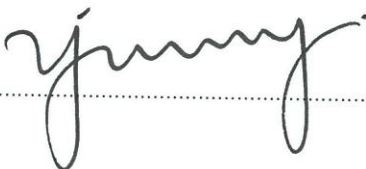
Directors Declaration

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 3 to 12 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 30 June 2018 and of its performance for the half-year 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 

Sydney 12 September 2018

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF A2A GN LTD

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half year financial report of A2a GN Ltd and controlled entities ('the consolidated entity'), which comprises the consolidated statement of financial position as at 30 June 2018, consolidated statement profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information notes and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of A2a GN Ltd and controlled entities is not in accordance with the *Corporations Act 2001* including:

- i. giving a true and fair view of the consolidated entity's financial position as at 30 June 2018 and of its performance for the half-year ended on that date; and
- ii. complying with AASB 134 *Interim Financial Reporting and the Corporation Regulations 2001*.

Significant Uncertainty Regarding Going Concern

We draw attention to Note 3(a) of the consolidated financial report, which indicates that the Group incurred a loss of \$420,726 and had operating cash outflows of \$864,127 during the half year ended 30 June 2018 and as at balance date held cash of \$145,501 (31 December 2017: \$978,003) and had net current assets of \$360,198 (31 December 2017: \$719,027). The Group has one customer for which revenues during the half year were \$1,096,585, being 91% of the Groups' total revenue for the half-year. Trade and other receivables includes \$557,397 due from that customer for services provided and \$12,834 for reimbursement of expenses incurred on behalf of the customer. Accordingly the Group is economically dependent on that customer. These conditions, along with other matters as set forth in Note 3(a), 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.

Director's Responsibility for the Half-Year Financial Report

The directors' of A2a GN Ltd are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such controls as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatements, whether due to fraud or error.

LNP Audit and Assurance

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 an 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 financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of A2a GN Ltd and controlled entities financial position as at 30 June 2018 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of A2a GN Ltd and controlled entities, 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 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.

Matters Relating to the Electronic Presentation of the Audited Financial Report

This review report relates to the financial report of the A2a GN Ltd and controlled entities for the half-year ended 30 June 2018 included on the website of A2a GN Ltd. The directors of the company are responsible for the integrity of the website and we have not been engaged to report on its integrity. This review report refers only to the half-year financial report identified above and it does not provide an opinion on any other information which may have been hyperlinked to or from the financial report. If users of this report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the reviewed financial report to confirm the information contained in this website version of the financial report.

Independence

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

LNP Audit and Assurance



Anthony Rose

Director

Sydney, 12 September 2018