

a2a GN Ltd

ACN 621 583 882

Interim Report - 30 June 2019

a2a GN Ltd
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30 June 2019

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**a2a GN Ltd
Directors' report
30 June 2019**

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of a2a GN Ltd (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 30 June 2019.

Directors

The following persons were directors of a2a GN Ltd during the financial half-year and up to the date of this report, unless otherwise stated:

Saw Leng Yue (CEO, appointed as Managing Director on 23 April 2019)
Tai Shoo Loo
Yee Mun Loo
Chih Chong
James Stephen Barrie

Principal activities

The principal activities of the consolidated entity during the financial period was developing and offering a data technology business platform to connect and add value for merchants and consumers.

Review of operations

The loss for the consolidated entity after providing for income tax amounted to \$1,054,158 (30 June 2018: \$406,726).

Significant changes in the state of affairs

Other than as stated in this interim financial report, there were no significant changes in the state of affairs of the consolidated entity during the financial half-year.

Matters subsequent to the end of the financial half-year

Since 1 July 2019, the company has issued 6,996,215 fully paid ordinary share raising \$942,622 before costs of \$188,524. Of this amount \$260,374 was received before 30 June 2019 and recognised as a liability.

No other matter or circumstance has arisen since 30 June 2019 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



13 September 2019

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

As lead auditor of A2A GN Ltd for the half year ended 30 June 2019, 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

Dated 13 September 2019

a2a GN Ltd
Statement of profit or loss and other comprehensive income
For the half-year ended 30 June 2019

	Note	Consolidated June 19 \$	June 18 \$
Revenue	4	34,847	1,211,654
Expenses			
Interest on convertible notes		(21,000)	-
Marketing		(44,001)	(122,963)
Occupancy		(185,427)	(25,949)
Administration		(503,667)	(618,519)
Professional fees		(237,239)	(491,340)
Travelling expenses		(46,715)	(269,275)
Other expenses		(50,956)	(83,475)
Loss before income tax expense		(1,054,158)	(399,867)
Income tax expense		-	(6,859)
Loss after income tax expense for the half-year attributable to the owners of a2a GN Ltd		(1,054,158)	(406,726)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		5,551	58,949
Other comprehensive income for the half-year, net of tax		5,551	58,949
Total comprehensive income for the half-year attributable to the owners of a2a GN Ltd		<u>(1,048,607)</u>	<u>(347,777)</u>
		Cents	Cents
Basic loss per share	13	(0.68)	(0.26)
Diluted loss per share	13	(0.68)	(0.26)

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

a2a GN Ltd
Statement of financial position
As at 30 June 2019

	Note	Consolidated June 19 \$	Dec 18 \$
Assets			
Current assets			
Cash and cash equivalents		318,672	79,442
Trade and other receivables	5	160,282	63,700
Income tax receivable		7,173	-
Other		3,175	-
Total current assets		<u>489,302</u>	<u>143,142</u>
Non-current assets			
Property, plant and equipment		127,388	154,869
Total non-current assets		<u>127,388</u>	<u>154,869</u>
Total assets		<u>616,690</u>	<u>298,011</u>
Liabilities			
Current liabilities			
Trade and other payables	6	520,997	211,359
Borrowings	7	505,098	66,667
Other		6,611	-
Total current liabilities		<u>1,032,706</u>	<u>278,026</u>
Total liabilities		<u>1,032,706</u>	<u>278,026</u>
Net assets/(liabilities)		<u>(416,016)</u>	<u>19,985</u>
Equity			
Issued capital	8	1,511,086	898,480
Reserves		119,058	113,507
Accumulated losses		(2,046,160)	(992,002)
Total equity/(deficiency)		<u>(416,016)</u>	<u>19,985</u>

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

a2a GN Ltd
Statement of changes in equity
For the half-year ended 30 June 2019

Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 January 2018	856,043	74,938	(30,499)	900,482
Loss after income tax expense for the half-year	-	-	(406,726)	(406,726)
Other comprehensive income for the half-year, net of tax	-	58,949	-	58,949
Total comprehensive income for the half-year	-	58,949	(406,726)	(347,777)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs	9,350	-	-	9,350
Balance at 30 June 2018	<u>865,393</u>	<u>133,887</u>	<u>(437,225)</u>	<u>562,055</u>
Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Total deficiency in equity \$
Balance at 1 January 2019	898,480	113,507	(992,002)	19,985
Loss after income tax expense for the half-year	-	-	(1,054,158)	(1,054,158)
Other comprehensive income for the half-year, net of tax	-	5,551	-	5,551
Total comprehensive income for the half-year	-	5,551	(1,054,158)	(1,048,607)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 8)	612,606	-	-	612,606
Balance at 30 June 2019	<u>1,511,086</u>	<u>119,058</u>	<u>(2,046,160)</u>	<u>(416,016)</u>

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

a2a GN Ltd
Statement of cash flows
For the half-year ended 30 June 2019

	Note	Consolidated June 19 \$	June 18 \$
Cash flows from operating activities			
Receipts from customers		32,591	642,708
Payments to suppliers and employees		(1,077,894)	(1,508,050)
Interest received		-	1,214
Payments for security deposits		(19,948)	-
Income taxes paid		(7,173)	-
Net cash used in operating activities		<u>(1,072,424)</u>	<u>(864,128)</u>
Cash flows from investing activities			
Payments for property, plant and equipment		(5,310)	(37,807)
Proceeds from disposal of property, plant and equipment		-	1,133
Net cash used in investing activities		<u>(5,310)</u>	<u>(36,674)</u>
Cash flows from financing activities			
Proceeds from issue of shares	8	787,750	9,350
Proceeds received in advance of share issue		260,374	-
Proceeds from borrowings		438,431	-
Share issue transaction costs		(175,142)	-
Net cash from financing activities		<u>1,311,413</u>	<u>9,350</u>
Net increase/(decrease) in cash and cash equivalents		233,679	(891,452)
Cash and cash equivalents at the beginning of the financial half-year		79,442	978,003
Effects of exchange rate changes on cash and cash equivalents		<u>5,551</u>	<u>58,949</u>
Cash and cash equivalents at the end of the financial half-year		<u><u>318,672</u></u>	<u><u>145,500</u></u>

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

a2a GN Ltd
Notes to the financial statements
30 June 2019

Note 1. General information

The financial statements cover a2a GN Ltd as a consolidated entity consisting of a2a GN Ltd and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is a2a GN Ltd's functional and presentation currency.

a2a GN Ltd is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office

Level 12, 225 George Street
Sydney NSW 2000

Principal place of business

309 Kent Street
Sydney NSW 2000

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 13 September 2019.

Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 30 June 2019 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 31 December 2018 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Going concern

The financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. The consolidated entity incurred a loss from ordinary activities of \$1,054,158 for the period ended 30 June 2019 (30 June 2018: \$406,726), and had a net working capital deficiency of \$543,404 (31 December: \$134,884). In addition, the consolidated entity had cash outflows from operating activities of \$1,072,424 (30 June 2018: 864,128).

The directors have reviewed the cashflow forecasts and believe that there are reasonable grounds to believe that the consolidated entity will be able to continue as a going concern due to the following factors:

Note 2. Significant accounting policies (continued)

- Since 1 July 2019 the company has received \$682,248 before costs of \$188,524 under its ongoing capital raise program;
- Current liabilities at 30 June 2019 includes \$260,374 in relation to receipts in advance of share issue. The shares in relation to these receipts have now been issued and the liability extinguished;
- The company continues to receive strong support from new and existing sophisticated investors under its ongoing capital management program;
- The company is nearing completion of development of its new JomSave blockchain and AI app. User and channel partner recruitment has commenced and will continue to ramp-up during the remainder of 2019 and beyond, with an associated increase in revenue; and
- Tai Shoo Loo, Saw Leng Yue and Yee Mun Loo ("guaranteeing directors") have jointly and severally given a personal guarantee to the consolidated entity capped at \$1,000,000 with the effect that together the Guaranteeing Directors will make sufficient funds available to consolidated entity up to the cap as required to enable the consolidated entity to meet the consolidated entity's obligations in the normal course of business for the period to 30 September 2020, and that the guaranteeing directors are in a position to make this guarantee.

Should the consolidated entity not be able to raise additional capital, reduce expenses, or increase revenues, or should the funds under the directors' guarantee not become available this may impact the consolidated entity's ability to continue as a going concern and therefore the consolidated entity 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.

The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessarily incurred should the company not continue as a going concern.

Note 3. Operating segments

Identification of reportable operating segments

The consolidated entity is in the process of building a presence in Australia. However, at 30 June 2019 the consolidated entity operates as a single segment which is the provision of services in a single geographic area being Malaysia.

Note 4. Revenue

	Consolidated	
	June 19	June 18
	\$	\$
<i>Revenue from contracts with customers</i>		
Sales - consulting services	13,107	1,096,585
Sales - commissions	20,209	104,170
Sales - memberships	1,526	8,552
	<u>34,842</u>	<u>1,209,307</u>
<i>Other revenue</i>		
Other revenue	<u>5</u>	<u>2,347</u>
Revenue	<u><u>34,847</u></u>	<u><u>1,211,654</u></u>

Note 4. Revenue (continued)

Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

	Consolidated June 19 \$	June 18 \$
<i>Geographical regions</i>		
Malaysia	34,842	1,209,307
<i>Timing of revenue recognition</i>		
Services transferred over time	34,842	1,209,307

Note 5. Current assets - trade and other receivables

	Consolidated June 19 \$	Dec 18 \$
Trade receivables	14,655	5,788
Other receivables	145,627	57,912
	160,282	63,700

Note 6. Current liabilities - trade and other payables

	Consolidated June 19 \$	Dec 18 \$
Trade payables and accruals	144,629	119,545
Deposits	77,890	91,814
Proceeds of share issue received in advance of issue of shares *	260,374	-
Interest on convertible notes payable	21,000	-
Other payables	17,104	-
	520,997	211,359

*\$94,250 of the amount received ahead of shares being issued were issued on 2 July 2019. The remaining \$166,124 were issued on 15 July 2019.

Note 7. Current liabilities - borrowings

	Consolidated June 19 \$	Dec 18 \$
Convertible notes	350,000	66,667
Loan from director	155,098	-
	505,098	66,667

The convertible notes are due for repayment in January and February 2020 and interest is payable at 12% per annum.

a2a GN Ltd
Notes to the financial statements
30 June 2019

Note 8. Equity - issued capital

	June 19 Shares	Dec 18 Shares	Consolidated June 19 \$	Dec 18 \$
Ordinary shares - fully paid	<u>159,368,511</u>	<u>153,918,511</u>	<u>1,511,086</u>	<u>898,480</u>

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 January 2019	153,918,511		898,480
Share issue	16 May 2019	500,000	\$0.140	70,000
Share issue	7 June 2019	4,950,000	\$0.145	717,750
Cost of capital raised		-		(175,144)
Balance	30 June 2019	<u>159,368,511</u>		<u>1,511,086</u>

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back

There is no current on-market share buy-back.

Note 9. Equity - dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

Note 10. Commitments

	Consolidated June 19 \$	Dec 18 \$
<i>Lease commitments - operating</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	<u>35,805</u>	<u>62,340</u>

Note 11. Related party transactions

Loans to/from related parties

The following balances are outstanding at the reporting date in relation to loans with related parties:

	Consolidated	
	June 19	Dec 18
	\$	\$
Current borrowings:		
Short term loan from Saw Leng Yue	155,098	-

The following Directors Tai Shoo Loo, Saw Leng Yue and Yee Mun Loo have provided a guarantee to support the consolidated entity to the value of \$1 million. The guarantee expires on 30 September 2020.

During the half year ended 30 June 2019 there were no other significant changes to the related party transactions to those disclosed in the 31 December 2018 annual report, other than that disclosed above.

Note 12. Events after the reporting period

Since 1 July 2019, the company has issued 6,996,215 fully paid ordinary share raising \$942,622 before costs of \$188,524. Of this amount \$260,374 was received before 30 June 2019 and recognised as a liability.

No other matter or circumstance has arisen since 30 June 2019 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 13. Loss per share

	Consolidated	
	June 19	June 18
	\$	\$
Loss after income tax attributable to the owners of a2a GN Ltd	<u>(1,054,158)</u>	<u>(406,726)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>154,667,686</u>	<u>153,573,898</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>154,667,686</u>	<u>153,573,898</u>
	Cents	Cents
Basic loss per share	(0.68)	(0.26)
Diluted loss per share	(0.68)	(0.26)

a2a GN Ltd
Directors' declaration
30 June 2019

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2019 and of its performance for the financial half-year ended on that date; and
- 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 directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors

A handwritten signature in black ink, appearing to be 'Liu', is written above a horizontal line.

13 September 2019

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 2019, 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:

- 1 giving a true and fair view of the consolidated entity's financial position as at 30 June 2019 and of its performance for the half-year ended on that date; and
- 2 complying with AASB 134 *Interim Financial Reporting and the Corporation Regulations 2001*.

Significant Uncertainty Regarding Going Concern

We draw attention to Note 2 of the consolidated financial report, which indicates that the Group incurred a loss from ordinary activities of \$1,054,158 for the period ended 30 June 2019 (30 June 2018: \$406,726), and had a net working capital deficiency at balance date of \$543,404 (31 December: \$134,884). In addition, the consolidated entity had cash outflows from operating activities of \$1,072,424 (30 June 2018: \$864,128). These conditions, along with other matters as set out in Note 2, 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our review of the financial report of the current half- year. These matters were addressed in the context of our review 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 Review 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 review conclusion on the accompanying financial report.

Key Audit Matter	How our audit addressed the matter
<p>Related Party Disclosures</p> <p>At 30 June 2019 the Directors gave a guarantee of \$1million and had loans owing to the group of \$155,098. The Group's working capital has been guaranteed by the directors for the period to 30 September 2020 (refer to Note 11).</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
<p>Capital Management</p> <p>The Group is in the process of raising further capital through the issue of shares which has been disclosed at note 8 Equity and Note 12 Events after balance date.</p> <p>Raising further capital is integral to the financing and operations of the Group</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> • Critically enquiring of and considering the basis of capital raised, • obtaining correspondence relating to the issue of share capital, and • evaluating the adequacy of disclosure of equity transactions and balances and associated events subsequent to balance date.

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.

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 2019 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 2019 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, 13 September 2019