



SIWA Group Limited
Consolidated Interim Financial Report

For the Half Year Ended 30 June 2020

SIWA Group Limited

ACN 619 195 283

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For the Half Year Ended 30 June 2020

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SIWA Group Limited

ACN 619 195 283

Directors' Report 30 June 2020

The directors submit the consolidated financial report of the the Group for the half year ended 30 June 2020.

1. General information

Information on directors

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

Peter Chambers	Non Executive Chairman	(resigned 29 May 2020)
Kyle Roy Kenneth Larson	Executive Director	(resigned 1 June 2020)
Dan Powell	Non Executive Director	(resigned 3 April 2020)
Peter van Ratingen	Non Executive Director	
James Midgley	Non Executive Director	
David Anderson	Executive Director	(appointed 29 May 2020)
Conrad Warren	Executive Director	(appointed 29 May 2020)
David Whyte	Executive Director	(appointed 29 May 2020)
Marc Thomson	CEO & Executive Director	(appointed 29 May 2020)
Herman Karmana	Executive Director	(appointed 29 May 2020)

Company secretary

The following persons held the position of Company secretary during and at the end of the financial half year:

George Halikiotis of Eakin McCaffery Cox Lawyers was appointed the company secretary since effective from 26 May 2020. Mr Halikiotis replaces Lee Tamplin of Automic Pty Ltd who resigned as company secretary during the half-year.

Principal activities and significant changes in nature of activities

The Group's primary business is the sale, distribution, rental and operations of the Dura-Base® Composite Mat System and the provision of logistics and infrastructure services to various industries including oil and gas, mining, civil construction, heavy lifting operations, infrastructure and agriculture industries.

The Dura-Base® Composite Mat System is the world's leading composite mat system; originally developed in conjunction with the US Army, the mat system is patent protected in the USA. Dura-Base Mats have been extensively used in the establishment of heavy-duty, engineered working platforms and road infrastructure support platforms for the military, oil and gas, mining and civil construction industries. It is a durable, all-weather, interlocking composite product, which permits flexible implementation to suit the particular needs of the user, and is designed to enable heavy vehicles, cranes and dynamic loading assets to perform in the most extreme environmental conditions.

There were no significant changes in the nature of the Group's principal activities during the financial half year.

2. Operating results and review of operations for the year

Review of operations

A review of the operations of the Group during the half year and the results of those operations show that the Group incurred a net loss for the period of \$786,344 and was in a net liability position as at 30 June 2020 of \$10,316,530. The following summarises the Group's activities during the half-year:

Directors' Report

30 June 2020

2. Operating results and review of operations for the year (continued)

Review of operations (continued)

First Half Overview

The Group is an Indonesian-based construction technology firm operating with blue chip and top tier mining, oil & gas, heavy lift and civil construction firms. The Group specialises in providing heavy lift and all terrain access for clients operating in remote, inhospitable and often un-accessible locations for their heavy equipment & personnel, using the world's leader in Advanced Composite Mats: Dura-Base. The Group focus is on specialised location access solutions unavailable from any other service provider.

Key clients include SAKA Energi Indonesia, Conoco-Philips, Pertamina and its associated companies, and Agility. The Group holds the exclusive rights for Indonesia, Myanmar and the Philippines for the Dura-Base Composite Mat System (manufactured by US listed firm NEWPARK Resources) and has been so since 2006. The Group continues to provide solutions to its existing client base and expand its breadth of operations into complementary industries across Indonesia.

SIWA holds the exclusive distribution license in Indonesia, awarded by the Dura-Base® Composite Mat System manufacturer, Newpark Mats and Integrated Services LLC (a division of NYSE listed Newpark Resources, NYSE:NR), a license that has been held exclusively by SIWA since 2006.

During this half year period, SIWA undertook a strategic initiative to expand into non-Oil & Gas market segments to ensure the business' viability and cash flow requirements could be met until this major Foundation Customer comes online operationally. SIWA's efforts to strategically mitigate the delayed deployment of assets to SAKA by diversifying has enabled new growth markets being penetrated; specifically the Logistics and Heavy-Lift & Haul markets.

New Management Team

From the 29th of May 2020 the company's shareholders appointed a new management team that will focus on cost optimisation and revenue growth. The strategy going forward will be to align costs with mat utilisation to improve shareholder returns. The immediate job is to differentiate the strategically-critical 'good costs' from the non-essential 'bad costs'.

SIWA has entered into an exclusive agency agreement with their local partner to act as the Indonesian agent for a fixed fee of the gross profit obtained from the provision of mats to customers. With the margin of return fixed per project we are then able to reduce our overhead to allow for fluctuations in utilisation, in addition having a clearer return on a per mat basis will allow us to finance the purchase of further mats to increase revenue.

3. Other items

Events after the reporting date

The Group has signed a binding Heads of Agreement ("HoA"), Share Purchase Agreement ("SPA") and supporting transaction documents (together the "Transaction Documents") in relation to a Consortium Offer which was announced on the NSX on 9 December 2019 and 7 February 2020 which was subject to approval by the Group's non-associated shareholders.

This transaction sets forth the acquisition by SIWA of PT Lombok Bau Nyale ("LBN"), an Indonesian based property developer, in exchange for new SIWA shares to be issued to the shareholders of LPG as well as a concurrent refinancing of SAPEX's debt obligation including those above which are in default.

On 1 June 2020, the Company announced the result of the Extraordinary General Meeting held on 29 May 2020 confirming that the shareholders not associated with the consortium approved the acceptance of the Consortium Offer.

As announced on 4 November 2020, the Company confirmed the completion of the transaction is subject to approval by the shareholders of Lombok Property Group Limited which is pending as at the time of this report.

Directors' Report

30 June 2020

3. Other items (continued)

Events after the reporting date (continued)


On 1 December 2020, the Group renegotiated the terms of repayment for its borrowings by entering into Amendment Agreements with each respective lender, MK Engineering Pte Ltd and PT SAS International, extending the final repayment date of the respective borrowing facilities as disclosed in Note 10 to 24 months from the date of the Amendment Agreement (ie to 30 April 2022).

Except for the above, no other matters or circumstances have arisen since the end of the financial half year 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.

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 2020 has been received and can be found on page 4 of the consolidated financial report.

Signed in accordance with a resolution of the Board of Directors:

Director:

David Anderson

Director:

Conrad Warren

Dated 21 January 2021

SIWA Group Limited
(formerly known as SAPEX Group Limited)
ACN 619 195 283

Auditors' Independence Declaration under Section 307C of the Corporations Act 2001

I declare that, to the best of my knowledge and belief, during the half-year ended 30 June 2020 there have been:

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



PKF



PAUL PEARMAN
PARTNER

21 JANUARY 2021
SYDNEY, NSW

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Half Year Ended 30 June 2020

		30 June 2020	30 June 2019
	Note	\$	\$
Revenue	3	729,576	2,430,875
Other income	3	828,117	12,539
Raw materials and consumables used		(30,087)	(1,953,896)
Employee benefits expense		(35,466)	(538,530)
Depreciation and amortisation expense		(504,459)	(568,010)
Other expenses		(1,088,628)	(1,445,579)
Finance costs	4	(652,463)	(1,407,458)
Loss before income tax	4	(753,410)	(3,470,059)
Income tax expense		(32,934)	(16,827)
Loss for the half year		(786,344)	(3,486,886)
Items that will be reclassified to profit or loss when specific conditions are met			
Exchange differences on translating foreign controlled entities		130,399	(70,124)
Other comprehensive income for the year, net of tax		130,399	(70,124)
Total comprehensive income for the year		(655,945)	(3,557,010)
Loss attributable to:			
Members of the parent entity		(786,344)	(3,466,377)
Non-controlling interest		-	(20,509)
		(786,344)	(3,486,886)
Total comprehensive income attributable to:			
Members of the parent entity		(655,945)	(3,536,501)
Non-controlling interest		-	(20,509)
		(655,945)	(3,557,010)
Earnings per share			
Basic earnings per share (cents)	12	(0.31)	(1.60)
Diluted earnings per share (cents)	12	(0.31)	(1.60)

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position **As At 30 June 2020**

		30 June 2020	31 December 2019
	Note	\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		3,455	10,671
Trade and other receivables	6	1,403,814	1,193,957
Loans and advances		23,534	23,665
Other assets		-	108,791
TOTAL CURRENT ASSETS		1,430,803	1,337,084
NON-CURRENT ASSETS			
Property, plant and equipment	7	3,332,912	3,783,665
Deferred tax assets		15,244	-
Intangible assets	8	295,867	475,428
TOTAL NON-CURRENT ASSETS		3,644,023	4,259,093
TOTAL ASSETS		5,074,826	5,596,177
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	9	753,080	958,657
Borrowings	10	9,373,773	13,444,185
Current tax liabilities		64,054	56,362
Employee benefits		-	60,594
TOTAL CURRENT LIABILITIES		10,190,907	14,519,798
NON-CURRENT LIABILITIES			
Trade and other payables		91,885	512,489
Borrowings	10	4,895,318	25,192
Deferred tax liabilities		213,246	199,283
TOTAL NON-CURRENT LIABILITIES		5,200,449	736,964
TOTAL LIABILITIES		15,391,356	15,256,762
NET LIABILITIES		(10,316,530)	(9,660,585)
EQUITY			
Issued capital	11	14,620,983	14,620,983
Reserves		103,178	506,861
Accumulated losses		(25,040,691)	(24,788,429)
Total equity attributable to equity holders of the Company		(10,316,530)	(9,660,585)
TOTAL DEFICIT		(10,316,530)	(9,660,585)

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity

For the Half Year Ended 30 June 2020

	Note	Ordinary Shares \$	Accumulated Losses \$	Foreign Currency Translation Reserve \$	Convertible Instruments Reserve \$	Total Attributable to Members of the Company \$	Non- controlling Interests \$	Total \$
Balance at 1 January 2020		14,620,983	(24,788,429)	(27,221)	534,082	(9,660,585)	-	(9,660,585)
Loss attributable to members of the parent entity			(786,344)	-	-	(786,344)	-	(786,344)
Other comprehensive income for the half-year			-	130,399	-	130,399	-	130,399
Total comprehensive loss for the half-year			(786,344)	130,399	-	(655,945)	-	(655,945)
Transactions with owners in their capacity as owners								
Transfer from convertible instruments reserve to retained earnings on extinguishment of convertible instruments		-	534,082	-	(534,082)	-	-	-
Balance at 30 June 2020		14,620,983	(25,040,691)	103,178	-	(10,316,530)	-	(10,316,530)

	Note	Ordinary Shares \$	Accumulated Losses \$	Foreign Currency Translation Reserve \$	Convertible Instruments Reserve \$	Total Attributable to Members of the Company \$	Non- controlling Interests \$	Total \$
Balance at 1 January 2019		7,811,990	(10,639,450)	295,657	346,204	(2,185,599)	20,509	(2,165,090)
Loss attributable to members of the parent entity			(3,466,377)	-	-	(3,466,377)	(20,509)	(3,486,886)
Other comprehensive income for the half-year			-	(70,124)	-	(70,124)	-	(70,124)
Total comprehensive loss for the half-year			(3,466,377)	(70,124)	-	(3,536,501)	(20,509)	(3,557,010)
Transactions with owners in their capacity as owners								
Contribution of equity, net of transaction costs	11(a)	3,427,272	-	-	-	3,427,272	-	3,427,272
Balance at 30 June 2019		11,239,262	(14,105,827)	225,533	346,204	(2,294,828)	-	(2,294,828)

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows

For the Half Year Ended 30 June 2020

	30 June 2020 \$	30 June 2019 \$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	378,830	2,653,017
Payments to suppliers and employees	(2,057,685)	(3,433,863)
Interest received	23	322
Net cash used in operating activities	(1,678,832)	(780,524)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	(518)	-
Net cash used in investing activities	(518)	-
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from borrowings	8,733,651	1,143,793
Repayment of borrowings	(6,172,834)	-
Repayment of lease liabilities	(79,263)	-
Payments of interest and other finance costs	(751,904)	(434,511)
Net cash provided by financing activities	1,729,650	709,282
Effects of exchange rate changes on cash and cash equivalents	(57,516)	-
Net decrease in cash and cash equivalents held	(7,216)	(71,242)
Cash and cash equivalents at beginning of half year	10,671	87,048
Cash and cash equivalents at end of the half year	3,455	15,806

Notes to the Financial Statements

For the Half Year Ended 30 June 2020

The consolidated financial report covers SIWA Group Limited (formerly SAPEX Group Limited) and its controlled entities ('the Group'). SIWA Group Limited is a for-profit Company limited by shares, incorporated and domiciled 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 21 January 2021.

Comparatives are consistent with prior years, unless otherwise stated.

1 Basis of Preparation

This condensed consolidated interim financial report for the reporting period ending 30 June 2020 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 SIWA Group Limited 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 annual financial statements of the Group for the year ended 31 December 2019, together with any public announcements made during the half year.

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.

The financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Significant accounting policies adopted in the preparation of these financial statements are presented below and are consistent with prior reporting periods unless otherwise stated.

2 Summary of Significant Accounting Policies

(a) Going concern

The half-year financial report has been prepared on a going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

For the half-year ended 30 June 2020, SIWA Group Limited (SIWA)(formerly SAPEX Group Limited) recorded a loss after tax of \$786,344 (2019: \$3,486,886) and as of that date, the Group was in a net liability position of \$10,316,530 (31 December 2019: \$9,660,584). The Group also incurred net operating cash outflows of \$1,678,832 (2019: \$780,524) for the period.

As at the balance date, the following financial liabilities are included in current borrowings on the statement of financial position (refer to Note 10) amount to \$9,373,773 (31 Dec 2019: \$13,444,185)

These circumstances have given rise to a significant doubt on the entity's ability to continue as a going concern.

The Directors have prepared cash flow forecasts which are underpinned by existing customer contracts as well as a pipeline of customers representing advanced discussions with customers with contracts expected to come

Notes to the Financial Statements

For the Half Year Ended 30 June 2020

2 Summary of Significant Accounting Policies (continued)

(a) Going concern (continued)

to fruition. These forecasts further include the following arrangements and considerations in respect of the Group's financial liabilities:

- As detailed in Note 13, the Group has signed a binding Heads of Agreement ("HoA"), Share Purchase Agreement ("SPA") and supporting transaction documents (together the "Transaction Documents") in relation to a Consortium Offer which was announced on the NSX on 9 December 2019 and 7 February 2020 which is subject to approval by the Group's non-associated shareholders. This transaction sets forth the acquisition by SAPEX of PT Lombok Bau Nyale ("LBN") in exchange for new SAPEX shares to be issued to the shareholders of LPG as well as a concurrent refinancing of SAPEX's debt obligation including those above which are in default. On 1 June 2020, the Company announced the result of the Extraordinary General Meeting held on 29 May 2020 confirming that the shareholders not associated with the consortium approved the acceptance of the Consortium Offer. As announced on 4 November 2020, the Company confirmed the completion of the transaction is subject to approval by the shareholders of Lombok Property Group Limited which is pending as at the time of this report;
- During the half-year, the Group completed a restructure of its debt facilities such that substantially all borrowings were now held by members participating in the Transaction Documents of the Consortium Offer. The debt structure has been undertaken in the form of Senior and Junior Loan facilities with varying rights and securities as disclosed in Note 10. In addition to the amounts noted at 30 June 2020, the debt restructure provides further facilities of \$1.5m to the Group by one of the primary lenders, the First Guardian Secured Convertible Bond Fund (FGC Funds);
- The Group has also been provided a guarantee by (FGC Funds) in favour of the Senior and Junior Loan lenders. The guarantee will ensure payment of the loans are settled in full. If the guarantee is used to settle such liabilities, First Guardian will not call upon the subsequent debt against the Group within 12 months;
- The Directors have laid down measures in response to the uncertainties and challenges that may impact the Group's business due to the COVID-19 pandemic. These measures, and their impact on the Group's operations as detailed in Group's 2019 Annual Report, contemplates the business being able to mitigate the risks and challenges to enable the Group to continue operations as a going concern;
- As disclosed in Note 14, on 1 December 2020, the Group renegotiated the terms of repayment for its borrowings by entering into Amendment Agreements with each respective lender, MK Engineering Pte Ltd and PT SAS International, extending the final repayment date of the respective borrowing facilities as disclosed in Note 10 to 24 months from the date of the Amendment Agreement (ie to 30 April 2022).

Based on these cash flow forecasts, and the steps and measures above, the Directors are confident that the Group will be able to continue as a going concern.

Should the Group be unable to raise capital or realise the objectives set out in the forecasts and funding arrangements set out above, there is a material uncertainty whether the Group will be able to continue as a going concern and therefore, whether it will be able to realise its assets and discharge its liabilities in the normal course of business.

The half-year financial report does not include adjustments relating to the recoverability and classification of recorded asset amounts, or to the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

Notes to the Financial Statements

For the Half Year Ended 30 June 2020

2 Summary of Significant Accounting Policies (continued)

(b) Adoption of new and revised accounting standards

The Group has adopted all standards which became effective for the first time at 1 January 2020, the adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Group.

3 Revenue and Other Income

Revenue from continuing operations

	30 June 2020 \$	30 June 2019 \$
Revenue from contracts with customers		
- provision of services	729,576	2,430,875
Total Revenue	729,576	2,430,875

Other Income

	30 June 2020 \$	30 June 2019 \$
Other Income		
- other income	24	322
- Gain on exchange differences	828,093	12,217
Total Other Income	828,117	12,539

Notes to the Financial Statements

For the Half Year Ended 30 June 2020

4 Result for the Year

The result for the half year was derived after charging / (crediting) the following items:

	30 June 2020 \$	30 June 2019 \$
Finance Costs		
- net effects of finance costs on Athos loan	-	419,665
- interest on borrowings	646,553	987,792
Total finance costs	646,553	1,407,457

The result for the year includes the following specific expenses:

Cost of sales	30,087	1,953,896
Other expenses:		
Employee benefits expense	35,466	538,530
Amortisation expense	323,517	393,427

5 Operating Segments

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision maker) in assessing performance and determining the allocation of resources.

The Group is managed primarily on the basis of product category and service offerings as the diversification of the Group's operations inherently have notably different risk profiles and performance assessment criteria. Operating segments are therefore determined on the same basis.

Accordingly, management currently identified the Group as having only one reportable segment, being the sale, distribution and rental of industrial mats, being the Dura-Base® Composite Mat System.

The financial results from this segment are equivalent to the financial statements for the Group.

6 Trade and Other Receivables

	30 June 2020 \$	31 December 2019 \$
CURRENT		
Trade receivables	501,628	81,191
Deposits	-	18,303
GST receivable	902,186	1,094,463
Total current trade and other receivables	1,403,814	1,193,957

Notes to the Financial Statements

For the Half Year Ended 30 June 2020

7 Property, plant and equipment

	30 June 2020 \$	31 December 2019 \$
Plant and equipment leased to external parties pursuant to operating leases		
At cost	6,173,525	6,173,525
Accumulated depreciation	(1,091,081)	(801,318)
Accumulated impairment losses	(1,752,118)	(1,667,532)
Total plant and equipment leased to external parties pursuant to operating leases	3,330,326	3,704,675
Office equipment		
At cost	3,518	3,000
Accumulated depreciation	(1,378)	(966)
Total office equipment	2,140	2,034
Computer equipment		
At cost	1,629	1,629
Accumulated depreciation	(1,183)	(979)
Total computer equipment	446	650
Right of use asset		
At cost	-	103,241
Accumulated depreciation	-	(26,933)
Total Right of use asset	-	76,308
Total property, plant and equipment	3,332,912	3,783,667

Notes to the Financial Statements

For the Half Year Ended 30 June 2020

7 Property, plant and equipment (continued)

(a) Movements in carrying amounts of property, plant and equipment

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial half year:

	Plant & Equipment Leased to External Parties	Office Equipment	Computer Equipment	Right of Use Asset	Total
	\$	\$	\$	\$	\$
Half Year ended 30 June 2020					
Balance at the beginning of year	3,704,675	2,034	648	76,308	3,783,665
Additions	-	518	-	-	518
Disposals	-	-	-	(44,006)	(44,006)
Depreciation expense	(290,604)	(408)	(203)	(32,302)	(323,517)
Foreign exchange movements	(83,745)	(4)	1	-	(83,748)
Balance at the end of the half year	3,330,326	2,140	446	-	3,332,912

	Plant & Equipment Leased to External Parties	Office Equipment	Computer Equipment	Right of Use Asset	Total
	\$	\$	\$	\$	\$
Half Year ended 30 June 2019					
Balance at the beginning of year	6,173,525	2,813	1,057	-	6,177,395
Depreciation expense	(393,000)	(393)	(44)	-	(393,437)
Balance at the end of the half year	5,780,525	2,420	1,013	-	5,783,958

8 Intangible Assets

	30 June 2020	31 December 2019
	\$	\$
Customer list		
Cost	838,000	838,000
Accumulated amortisation and impairment	(542,133)	(362,572)
Net carrying value	295,867	475,428
Total Intangibles	295,867	475,428

Notes to the Financial Statements

For the Half Year Ended 30 June 2020

8 Intangible Assets (continued)

(a) Movements in carrying amounts of intangible assets

	Note	Customer list \$	Goodwill \$	Total \$
Half Year ended 30 June 2020				
Balance at the beginning of the period		475,428	-	475,428
Amortisation		(180,942)	-	(180,942)
Foreign exchange movements		1,381	-	1,381
Closing value at 30 June 2020		295,867	-	295,867

	Note	Customer list \$	Goodwill \$	Total \$
Half Year ended 30 June 2019				
Balance at the beginning of the period		838,000	5,077,089	5,915,089
Amortisation		(174,583)	-	(174,583)
Closing value at 30 June 2019		663,417	5,077,089	5,740,506

9 Trade and Other Payables

	Note	30 June 2020 \$	31 December 2019 \$
Current			
Trade payables		429,483	438,704
Employee benefits		10,816	141,000
Sundry payables and accrued expenses		34,314	120,206
Other payables		278,467	258,747
		753,080	958,657

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days. The carrying value of trade and other payables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

Notes to the Financial Statements

For the Half Year Ended 30 June 2020

10 Borrowings

		30 June 2020 \$	31 December 2019 \$
CURRENT			
Compound instruments	10(a)	-	6,172,834
Related party payables	10(a)	24,988	992,079
Other loans	10(a)	9,348,785	6,225,201
Lease liability secured		-	54,071
Total current borrowings		9,373,773	13,444,185
NON-CURRENT			
Unsecured liabilities:			
Other loans	10(a)	4,895,318	-
		4,895,318	-
Secured liabilities:			
Lease liability secured		-	25,192
		-	25,192
Total non-current borrowings		4,895,318	25,192
Total borrowings		14,269,091	13,469,377

(a) Debt restructure

During the half-year ended 30 June 2020, the Group completed a restructure of all its debt facilities such that substantially all borrowings were now held by members participating in the Transaction Documents of the Consortium Offer detailed in Note 13.

The debt structure also involved the cancellation of the convertible notes with FG Agri. Facilities under the debt restructure have been provided in the form of the MKE Loan and Junior Loan facilities with varying rights and securities. Details of the key components of the restructuring and facilities are as follows:

MKE Loan:

- MK Engineering Pte Ltd (MKE), a company incorporated in Singapore, has acquired the receivables under the Athos Loan Facility from Athos Asia Event Driven Master Fund such that MKE has become the new lender to the Group for borrowings previously provided under the Athos Facilities amounting to approximately \$4.7m. The loan is secured by a fiduciary security over the Group's Dura Base Mats included in plant & equipment leased to external parties, the receivables and a guarantee provided by FGC Funds to MKE;

Notes to the Financial Statements

For the Half Year Ended 30 June 2020

10 Borrowings (continued)

(a) Debt restructure (continued)

Junior Loans facilities comprise the following:

- First Guardian Secured Convertible Bond Fund (FGC Funds) has provided a facility of approximately \$5.27m under the FGC Junior Loan Agreement, which includes the roll up of facilities originally provided by PT SAS International;
- Ronald Kenneth Larson (RL) has provided a facility of \$1.06m;
- Kyle Roy Kenneth Larson (KL) has provided a facility of \$1.06m;
- A junior loan guarantee by FGC Funds to secure the obligations under the RL and KL loan agreements.

All loans under the above debt restructure bear interest at 1% per month. All parties have further agreed that the payment obligations of the Group under the Junior loans will rank below the MKE Loan.

In addition to the amounts noted above, the debt restructure provides further facilities of \$1.5m to the Group by one of the primary lenders, the First Guardian Secured Convertible Bond Fund (FGC Funds).

On 1 December 2020, the Group renegotiated the repayment term for the MKE loan and PT SAS International facility totalling \$6,304,450, with the repayment due 30 April 2022. Refer to Note 14 for further details.

11 Issued Capital

	30 June 2020	31 December 2019
	\$	\$
253,152,430 (2019: 253,152,430) Ordinary shares	11(a) 14,620,983	14,620,983

Notes to the Financial Statements

For the Half Year Ended 30 June 2020

11 Issued Capital (continued)

(a) Ordinary shares

	No.	\$
Opening balance at 1 January 2019	19,286,406	7,811,990
Shares issued during the year		
4 Feb 2019: Issue of shares to complete acquisition	2,954,545	3,427,272
Sub total	22,240,951	11,239,262
26 Apr 2019: 1:10 Share split	222,409,510	11,239,262
1 Sep 2019: Issue of share on conversion of convertible notes*	15,672,850	1,724,013
9 Oct 2019: Issue of share on conversion of convertible notes*	15,070,070	1,657,708
Balance at 31 December 2019	253,152,430	14,620,983
Shares issued during the year	-	-
Balance at 30 June 2020	253,152,430	14,620,983

* included in these amounts is \$295,360 equity value of conversion rights in relation to the convertible notes redeemed.

The holders of ordinary shares are entitled to participate in dividends and the proceeds on winding up of the Company. On a show of hands at meetings of the Company, each holder of ordinary shares has one vote in person or by proxy, and upon a poll each share is entitled to one vote.

The Company does not have authorised capital or par value in respect of its shares.

12 Earnings per Share

(a) Reconciliation of earnings to profit or loss from continuing operations

	30 June 2020	30 June 2019
	\$	\$
Loss from continuing operations	(786,344)	(3,486,686)
Earnings used in the calculation of dilutive EPS from continuing operations	(786,344)	(3,486,686)

(b) Earnings used to calculate overall earnings per share

	30 June 2020	30 June 2019
	\$	\$
Earnings used to calculate overall earnings per share	(786,344)	(3,486,686)

Notes to the Financial Statements

For the Half Year Ended 30 June 2020

12 Earnings per Share (continued)

(c) Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS

	30 June 2020 No.	30 June 2019 No.
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	253,152,430	216,133,918
Weighted average number of dilutive convertible instruments on issue	-	60,848,440
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	253,152,430	276,982,358

13 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 30 June 2020 (31 December 2019: None).

14 Events Occurring After the Reporting Date

The consolidated financial report was authorised for issue on 21 January 2021 by the board of directors.

The Group has signed a binding Heads of Agreement ("HoA"), Share Purchase Agreement ("SPA") and supporting transaction documents (together the "Transaction Documents") in relation to a Consortium Offer which was announced on the NSX on 9 December 2019 and 7 February 2020 which was subject to approval by the Group's non-associated shareholders.

This transaction sets forth the acquisition by SIWA of PT Lombok Bau Nyale ("LBN"), an Indonesian based property developer, in exchange for new SIWA shares to be issued to the shareholders of LPG as well as a concurrent refinancing of SAPEX's debt obligation including those above which are in default.

On 1 June 2020, the Company announced the result of the Extraordinary General Meeting held on 29 May 2020 confirming that the shareholders not associated with the consortium approved the acceptance of the Consortium Offer.

As announced on 4 November 2020, the Company confirmed the completion of the transaction is subject to approval by the shareholders of Lombok Property Group Limited which is pending as at the time of this report.

On 1 December 2020, the Group renegotiated the terms of repayment for its borrowings by entering into Amendment Agreements with each respective lender, MK Engineering Pte Ltd and PT SAS International, extending the final repayment date of the respective borrowing facilities as disclosed in Note 10 to 24 months from the date of the Amendment Agreement (ie to 30 April 2022).

Except for the above, no other matters or circumstances have arisen since the end of the financial half year 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.

SIWA Group Limited

ACN 619 195 283

Notes to the Financial Statements For the Half Year Ended 30 June 2020

15 Statutory Information

The registered office of the company is:

126 Phillip Street
Sydney NSW 2000

The principal place of business is:

Level 28
1 Market Street
Sydney NSW 2000

Directors' Declaration

The directors of the Company declare that:

1. The consolidated financial statements and notes, as set out on pages 5 to 20 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 2020 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 with the continuing support of creditors.

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

Director
David Anderson

Director
Conrad Warren

Dated 21 January 2021

INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF SIWA GROUP LIMITED

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of SIWA Group Limited (formerly known as SAPEX Group Limited) (the Group), which comprises the consolidated statement of financial position as at 30 June 2020, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory 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 SIWA Group Limited is not in accordance with the Corporations Act 2001 including:

- (a) giving a true and fair view of the Group's financial position as at 30 June 2020, and of its financial performance for the half-year ended on that date; and
- (b) complying with the Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

Material Uncertainty Regarding Going Concern

We draw our attention to Note 2(a) of the financial report, which describes management's assessment of the Group's ability to continue as a going concern. As at 30 June 2020, the Group was in a net liability position of \$10,316,530 and incurred net losses after tax of \$786,344. These circumstances indicate that a material uncertainty exist that may cast doubt on the Groups ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001. In accordance with the Corporations Act 2001, we have given the Directors of the Group a written Auditor's Independence Declaration.

Directors' Responsibility for the Half-Year Financial Report

The Directors' of the Group are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with the Australian Accounting Standards and the Corporations Regulations 2001 and for such internal control as the Directors determine is necessary to enable the preparation of the half-year financial report that 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 financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Group's financial position as at 30 June 2018 and its performance for the half year ended on that date, and complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of SIWA Group Limited, 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.



PKF



PAUL PEARMAN
PARTNER

21 JANUARY 2021
SYDNEY, NSW