



PayGroup 

EXPERIENCE PAYS

PayGroup Limited

ACN 620 435 038

Annual Report

31 March 2018

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Message from the Chairman

Dear Shareholders,

On behalf of the Directors, I have great pleasure in presenting the first annual report for financial period ending 31 March 2018 for PayGroup Limited, a Multi-Country Payroll and cloud based Software as a Service (SaaS) Human Resource Outsourcing Solutions provider.

On Tuesday, 29 May, 2018 PayGroup Limited, which was incorporated as the Australian holding company for the Singaporean entity, Pay Asia Pte Ltd, (PayAsia) listed on the Australian Securities Exchange (ASX) with an initial public offering (IPO). In conjunction with the listing, Pay Group acquired PayAsia, via a Share Swap Agreement. The IPO was oversubscribed, and we have been delighted with the support of our investors.

Over the past 11 years, PayAsia has established itself as a leader in multi-country payroll outsourcing: Our local market knowledge and commitment to exceptional service has set us apart. Listing on the ASX marks an important stage of evolution in our business that has provided the capital to accelerate business growth via increased investment in sales and marketing activity, improving operating efficiencies and expanding into new geographic markets.

As detailed in the aggregated group financial results released to the market, Pay Asia had its highest performing year ever, in FY18. We enter the new financial year with a solid base of recurring revenue, 413 client entities, representing over 33,000 employees. We were also very pleased to meet our prospectus forecasts, reporting revenue of A\$7.3 million on a pro forma basis and pro forma Net Profit After Tax of \$2.6 million.

The company has a clear growth strategy, and is already making progress against this. As well as securing a number of new contracts, with major global brands, in the first quarter of FY19, we have made a key hire to drive our expansion in the European market for new clients' needs in Asia. We are focused on the introduction of new technologies and product offerings, designed to enhance our service and provide opportunities for organic growth within our existing client base. An example of this is our Cloud SaaS platform, HROnline which give clients a single, consolidated view of its entire workforce – no matter where they are based; and the introduction of payroll debit cards, and the rollout of treasury functions.

We were also recently named as a Representative Vendor in Gartner's Market Guide for Multicountry Payroll Solutions for the first time – this is an essential validation in the eyes of prospective clients.

Pay Asia – and indeed Pay Group – wouldn't be in such a strong position if it weren't for the team of highly talented and dedicated individuals who contribute to the running of this business, and who have gone above and beyond to deliver a record performance in the same year as undertaking an IPO. I would like to thank Mark Samlal, our Managing Director and his team for their efforts and ongoing commitment.

I would also like to acknowledge our other Directors, David Fagan (Non-Executive Director) and Franck Neron-Bancel (Executive Director and Head of Strategy).

Finally, on behalf of the Directors, thank you for your support of the company, especially those who came in at the IPO. We are optimistic and look forward to the year ahead, and look forward to keeping you, our investors, up-to-date with our progress.



Mr Ian Basser

Non-Executive Chairman
PayGroup Limited



Corporate Governance Statement

The Directors are responsible for the strategic direction of the Company, the identification and implementation of corporate policies and goals, and monitoring of the business and affairs of the Company on behalf of its Shareholders.

The Company is cognisant of the Corporate Governance Principles and Recommendations (3rd edition) as published by ASX Corporate Governance Council and acknowledges that the 8 principles set out therein are fundamental to good corporate governance.

The Board believes that the structure of the Company, its management and business practices provide a basis of governance which meets the essential corporate governance principles articulated by ASX in that publication.

This Corporate Governance Statement sets out the Company's current compliance with the ASX Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations (Best Practice Recommendations).

The Company's website <http://paygrouplimited.com/index.php/corporate-governance/> contains an Investor Section, which details the Company's Corporate Governance Policy. This provides public access to all the information relevant to the Company meeting its corporate governance obligations.

	Best Practice Recommendation	Comment
1.	Lay solid foundations for management and oversight	
1.1	A listed entity should disclose: <ul style="list-style-type: none"> (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management. 	Role and Responsibilities of the Board of Management <p>The Board is responsible for setting the strategic direction of the Company and for overseeing and monitoring its businesses and affairs. Directors are accountable to the shareholders for the Company's performance.</p> <p>A copy of the Company's Primary Board Charter, which sets out the role and responsibilities of the Board is available on the Company's website in the Corporate Governance section.</p>
1.2	A listed entity should: <ul style="list-style-type: none"> (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director. 	Director Appointment and Election <p>The Board performs appropriate checks on candidates for the Board including checks as to the candidate's character, experience, education, criminal record and bankruptcy history. Where appropriate, external consultants may be engaged to assist in searching for candidates and undertaking relevant checks.</p> <p>The Company will continue to provide information to shareholders about Directors seeking re-election or a candidate seeking election to the Board, including but not limited to their relevant qualifications, experience and skills as well as details of any other listed directorships held, whether the Director is considered to be independent and a recommendation by the Board in respect of the re-election or election as a Director.</p>

Corporate Governance Statement

	Best Practice Recommendation	Comment												
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	<p>Each Director enters into a written agreement with the Company which outlines the terms of his or her appointment including the Director's duties, obligations, remuneration, expected time commitments and notification of the Company's policies.</p> <p>Senior executives including the Managing Director and CFO have a formal services agreement setting out the terms of their employment.</p>												
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	<p>Company Secretary</p> <p>The company secretary is responsible for co-ordination of all Board business, including advising on governance matters, monitoring policies and procedures, board papers, board minutes, communication with regulatory bodies, ASX, ASIC and all statutory and other filings. The company secretary is accountable to the Board and all Directors have access to the company secretary. The decision to appoint or remove the company secretary is made by the Board.</p>												
1.5	<p>A listed entity should:</p> <p>(a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;</p> <p>(b) disclose that policy or a summary of it; and</p> <p>(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either:</p> <p>(1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or</p> <p>(2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.</p>	<p>Diversity Charter</p> <p>The Company has established a Diversity Charter, which is available on the Company's website. The Diversity Charter outlines requirements for the Board to develop measurable objectives for achieving diversity and annually assess both the objectives and the progress in achieving those objectives. The Board has developed objectives regarding gender diversity and aims to achieve these objectives over the next five years as Director and senior executive positions become vacant and appropriately qualified candidates become available.</p> <p>The respective proportion of women and men in the Company as at 31 March 2018 is as follows:</p> <table data-bbox="810 1451 1465 1668"> <tr> <th></th><th>Proportion of women</th><th>Proportion of men</th></tr> <tr> <td>On the Board</td><td>0%</td><td>100%</td></tr> <tr> <td>In senior executive positions</td><td>0%</td><td>100%</td></tr> <tr> <td>Across the whole organisation</td><td>0%</td><td>100%</td></tr> </table> <p>For this purpose, the Board defines a "senior executive" as a person who makes, or participates in the making of, decisions that affect the whole or a substantial part of the business or has the capacity to affect significantly the Company's financial standing. This therefore includes all senior management and senior executive designated positions as well as senior specialised professionals.</p> <p>The Company's diversity objectives and progress towards achieving them are disclosed on the Company's website in the Corporate Governance section.</p>		Proportion of women	Proportion of men	On the Board	0%	100%	In senior executive positions	0%	100%	Across the whole organisation	0%	100%
	Proportion of women	Proportion of men												
On the Board	0%	100%												
In senior executive positions	0%	100%												
Across the whole organisation	0%	100%												

Corporate Governance Statement

	Best Practice Recommendation	Comment
1.6	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>Performance Assessment</p> <p>The performance of the Board, Board Committees and individual Directors will be reviewed regularly by the Board under the direction of the Chairman and at least annually. The performance criteria against which Directors are assessed will be set by the Chairman in line with the criteria set out in the Company's Corporate Governance Policy.</p>
1.7	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>The Board has not adopted a formal process whereby it periodically evaluates the performance of the Managing Director.</p> <p>The Managing Director evaluates the performance of senior management annually against Key Performance Indicators (KPI's), including measuring actual performance against planned performance.</p>
2.	Structure the board to add value	
2.1	<p>The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <ol style="list-style-type: none"> (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p>	<p>The Board has not established a Nominations Committee. The Board as a whole carries out the functions of a Nominations Committee, and PayGroup believes this is appropriate for a Company of its size and business. The Board seeks to ensure that it has an appropriate mix of skills necessary to fulfil its obligations.</p>

Corporate Governance Statement

	Best Practice Recommendation	Comment
2.2	A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	<p>Skills Matrix</p> <p>The Board regularly evaluates the mix of its skills, experience and diversity. The Board considers that collectively its directors have a level of skill, knowledge and experience that enables the Board to effectively discharge its responsibilities and duties (including the activities and industries outlined below). The mix of skills the Board is seeking to maintain, and to build upon, includes:</p> <ul style="list-style-type: none"> • Finance and Tax (e.g. financial management capability including accounting or related financial management qualifications); • Research and development; • Executive leadership ; • Risk management understanding and experience; • Commercial acumen; • Strategic capabilities. <p>Further detail about the skills, experience and expertise held by each Director in office is disclosed in the Director's Report contained in the 2018 Annual Report.</p>
2.3	<p>A listed entity should disclose:</p> <p>(a) the names of the directors considered by the board to be independent directors;</p> <p>(b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and</p> <p>(c) the length of service of each director.</p>	<p>Directors of PayGroup are considered to be independent when they are independent of management and free from any business or other relationship that could materially interfere with the exercise of their independent judgment. The following Directors are considered to be Independent: Mr Ian Bassar and Mr David Fagan.</p> <p>The date of appointment of each Director is set out in the Directors' Report Section of the 2018 Annual Report.</p>
2.4	A majority of the board of a listed entity should be independent directors.	At the date of this report and during the period a majority of directors were not independent directors.
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	The Chairman is an independent director. The Chief Executive Officer is not the Chairman.

Corporate Governance Statement

	Best Practice Recommendation	Comment
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	<p>The Company has an induction program for new directors.</p> <p>The Company has policies and procedures in place to assist Directors in fulfilling their responsibilities. The Company has an informal process to educate new Directors about the nature of the business, including information on the Company's core values, corporate and financial strategy, objectives, as well as its governance framework and operations.</p> <p>The Board receives ongoing governance updates as required, including in relation to recent legislative and regulatory changes and developments in corporate governance. All Directors have ongoing access to information on the Company's operations and to the Company's senior management. The Company provides the capacity for any Director to obtain separate professional advice on any matter being discussed by the Board and for the Company to pay the cost incurred.</p>
3.	Promote ethical and responsible decision-making	
3.1	A listed entity should: <ul style="list-style-type: none"> (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it. 	<p>The Board has drawn up a formal code of conduct to guide Board members, executives and employees in carrying out their duties and responsibilities, to guide compliance with legal and other obligations and to maintain confidence in the Company's integrity. Executives and employees are encouraged to report to Board members any concerns regarding potentially unethical practices.</p> <p>The code of conduct is disclosed on the Company's website in the Corporate Governance Policy.</p>

Corporate Governance Statement

	Best Practice Recommendation	Comment												
4.	Safeguard integrity in financial reporting													
4.1	<p>The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <ul style="list-style-type: none"> (1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (2) is chaired by an independent director, who is not the chair of the board, <p>and disclose:</p> <ul style="list-style-type: none"> (3) the charter of the committee; (4) the relevant qualifications and experience of the members of the committee; and (5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or <p>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>	<p>Audit and Risk Committee</p> <p>The Board has established an Audit & Risk Committee which plays a key role in assisting the Board of Directors with its responsibilities relating to accounting, developing internal control systems, reporting practices and risk management and ensuring the independence of the Company's auditors.</p> <p>The Audit & Risk Committee's members during the financial year were as follows:</p> <table> <tr> <th>Names</th><th>Position</th><th>Independence status</th></tr> <tr> <td>David Fagan</td><td>Chairman</td><td>Independent</td></tr> <tr> <td>Ian Basser</td><td>Board Chairman</td><td>Independent</td></tr> <tr> <td>Mark Samlal</td><td>Managing Director</td><td>Executive Director</td></tr> </table> <p>The Audit & Risk Committee is chaired by David Fagan, who is an independent chairman and who is not chair of the Board. All Audit & Risk Committee members have extensive business experience at Board level and in senior management positions.</p> <p>Meetings of the Committee are held a minimum of twice a year, represented by one meeting to review each of the full year and half year financial reports and make recommendation to the Board. Further meetings may be held for discussion on policies and procedures and risk management matters. The auditors of the company will also be invited to make recommendations to the Committee on policies and procedures for discussion.</p> <p>Audit & Risk Committee meetings are attended by the accounting firm audit partner responsible for the Company's audit when appropriate. For details of meetings of the Audit & Risk Committee held during the year and attendance at those meetings, refer to the Directors' Report.</p> <p>A copy of the Company's Audit & Risk Committee Charter is available on the Company's website in the Corporate Governance Policy.</p>	Names	Position	Independence status	David Fagan	Chairman	Independent	Ian Basser	Board Chairman	Independent	Mark Samlal	Managing Director	Executive Director
Names	Position	Independence status												
David Fagan	Chairman	Independent												
Ian Basser	Board Chairman	Independent												
Mark Samlal	Managing Director	Executive Director												

Corporate Governance Statement

	Best Practice Recommendation	Comment
4.2	The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	The Board has obtained the relevant assurances from management.
4.3	A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	The external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.
5.	Make timely and balanced disclosure	
5.1	A listed entity should: <ul style="list-style-type: none"> (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it. 	<p>The Company's Corporate Governance Policy is designed to promote transparency and investor confidence and ensure that all interested parties have an equal opportunity to obtain information which is issued by the Company. Additionally, the Company is committed to complying with the continuous disclosure obligations contained in the ASX Listing Rules and the <i>Corporations Act 2001</i>.</p> <p>A copy of the Company's Corporate Governance Policy is available on the Company's website.</p>
6.	Respect the rights of shareholders	
6.1	A listed entity should provide information about itself and its governance to investors via its website.	The Company provides information about itself and its governance on its website. All policies and charters concerning governance issues are located on a dedicated section headed Corporate Governance.
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	The Company has in place a Disclosure to the Investment Community Policy, which promotes effective communication with shareholders. The Policy is available in the Corporate Governance Policy.

Corporate Governance Statement

	Best Practice Recommendation	Comment
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	<p>The Board encourages full participation of shareholders at the AGM to ensure a high level of accountability and identification with the Company's strategy and goals.</p> <p>The 2018 Notice of Annual General Meeting will be provided to all shareholders and made available on the Company website.</p> <p>The external auditor is required to attend the AGM of the Company and is available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.</p> <p>Shareholders are able to communicate with the Company electronically and ask questions via the Company's website or by email. Investors are also able to communicate with the Company's share registry electronically, by emailing the share registry or via the share registry's website.</p>
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	The Company gives security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.
7.	Recognise and manage risk	
7.1	<p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <ol style="list-style-type: none"> (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, <p>and disclose:</p> <ol style="list-style-type: none"> (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p>	<p>The Audit & Risk Committee is responsible for ensuring that adverse risks and mitigation of these risks are identified on a timely basis and that the Company's objectives and activities are aligned with the risks and opportunities identified by the Audit & Risk Committee and the Board of Directors.</p> <p>The Charter of the Committee is disclosed on the Company's website in the Corporate Governance Policy.</p> <p>For details of meetings of the Audit & Risk Committee held during the year and attendance at those meetings, refer to the Directors' Report.</p>

Corporate Governance Statement

	Best Practice Recommendation	Comment
7.2	<p>The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	<p>Management undertakes detailed risk assessments of the Company's operations, procedures and processes and reports to the Board on a regular basis. A review has not taken place in the financial year ended 31 March 2018 given that the Company was incorporated during the year and has recently listed on ASX.</p>
7.3	<p>A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</p>	<p>The Company does not currently have an internal audit function. Management reviews the Company's major business units, organisational structure and accounting controls and processes on a regular basis and reports accordingly to the Board. The Board is satisfied that the processes in place to identify the Company's material business risks are appropriate and that these risks are being effectively managed. The Company's risk management processes are monitored and reported against on an ongoing basis.</p>
7.4	<p>A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.</p>	<p>The Company does not have any economic, environmental and social sustainability risks over and above those of every commercial organisation, and not already disclosed to security holders.</p>
8.	Remunerate fairly and responsibly	
8.1	<p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <ol style="list-style-type: none"> (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, <p>and disclose:</p> <ol style="list-style-type: none"> (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>	<p>The Company does not have a Nomination & Remuneration Committee and the Board as a whole are responsible for:</p> <ul style="list-style-type: none"> • determining and reviewing compensation arrangements for the Directors and the Managing Director; and • approving parameters within which the review of the compensation arrangements for the senior executive team can be conducted by the Managing Director. <p>Given the size of the Board and operations of the Company a Remuneration Committee is not necessary.</p>

Corporate Governance Statement

	Best Practice Recommendation	Comment
8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	<p>The Company was unlisted as at 31 March 2018 and was therefore not required to present a Remuneration Report.</p> <p>Details of Director Remuneration is outlined in the Company's Prospectus lodged with the ASX on 25 May 2018 (prospectus), Section 4.3 Directors' shareholding qualifications, remuneration and interests.</p>
8.3	<p>A listed entity which has an equity-based remuneration scheme should:</p> <p>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>(b) disclose that policy or a summary of it.</p>	The Company's Employee Share Plan (ESP) provides an interest free loan to selected senior employees which are subject to escrow for 2 years. The Shares issued under the ESP cannot be dealt with or encumbered in any way during the escrow period.

Directors' Report



Your directors present their report on PayGroup Limited (referred to herein as “the Company” or “PayGroup”) for the financial period ended 31 March 2018. The Company was incorporated on 13 July 2017.

1. Directors



The following persons were directors of PayGroup Limited during the whole of the financial period and up to the date of this report, unless otherwise stated:

- Ian Bassar (appointed 14 November 2017)
- Mark Samlal (appointed 13 July 2017)
- David Fagan (appointed 14 November 2017)
- Franck Neron-Bancel (appointed 13 July 2017)
- Chris Brunton (appointed 13 July 2017, resigned 14 November 2017)
- Oliver Carton (appointed director/secretary 13 July 2017, resigned directorship 14 November 2017)

2. Information on Directors

Director and position	Experience
 <p>Ian Bassar Non-Executive Chairman</p>	<p>Ian was appointed to the Board in November 2017 as an independent Non-Executive Director and Chairman. Ian has over 28 years' experience in starting, running and building service companies around the world including Australia, Hong Kong, China, Singapore, USA, UK and Europe. He was Chief Executive Officer and Managing Director of Chandler Macleod Group Limited until August 2012. Prior to joining Chandler Macleod, he spent four years establishing and developing the Mettle Group as a strategic leadership and culture consultancy. Prior to Mettle Group, Ian was a main board director and Group Managing Director of Harvey Nash running operations in the UK, Europe and Asia and is based in Melbourne Australia. Prior to Harvey Nash, he was on the global management team of Michael Page International building operations in Australia, Asia and North America.</p> <p><i>Directorships held in other listed entities during the three years prior to the current period:</i> None</p>
 <p>Mark Samlal Managing Director</p>	<p>Mark co-founded Pay Asia Pte Ltd (PayAsia) in 2006 where he was Non-Executive Chairman until being appointed to the role of Executive Chairman and Managing Director of PayAsia in July 2015. In July 2017, he was appointed to the Board and to the role of Managing Director of the Group. Mark has over 22 years' experience in leadership roles in Asia Pacific including being a Director and General Manager of ADP in Asia Australia (1999-2003). His previous senior roles included Chief Executive Officer VicPlas Ltd a Singapore Stock Exchange listed company in (2008-2014) and Executive Director of Omni Industries in Singapore (2006-2008).</p> <p><i>Special Responsibilities:</i> Chief Executive Officer</p> <p><i>Directorships held in other listed entities during the three years prior to the current period:</i> None</p>

Directors' Report

Director and position	Experience
 <p>David Fagan Non-Executive Director</p>	<p><i>Qualifications:</i> Bachelor and Master of Laws from University of Melbourne</p> <p>David was appointed to the Board in November 2017 as a Non-Executive Director. He will Chair the Audit and Risk Committee. David has over 38 years' experience in law practice including 30 years with Clayton Utz culminating in the role of Board Member and National Chief Executive Partner (2001-2010).</p> <p><i>Directorships held in other listed entities during the three years prior to the current period:</i> Medibank Private Limited (ASX:MPL)</p>
 <p>Franck Neron-Bancel Executive Director</p>	<p><i>Qualifications:</i> Bachelor's Degree (General Management, Finance & Marketing) from KEDGE Business School</p> <p>Franck joined PayAsia in May 2017 as an Executive Director and was appointed to the Board in July 2017 as Executive Director and Chief Strategy Officer. Franck has over 21 years' industry experience in global HCM and payroll services with global leader Automatic Data Processing, Inc. (NASDAQ: ADP, Market Cap: US\$49.4 billion). Franck's tenure at ADP culminated in the role of Senior Vice President Strategic Account Management (2013-2017), with reporting to the ADP Global Enterprise Solutions President.</p> <p><i>Special Responsibilities:</i> Chief Strategy Officer</p> <p><i>Directorships held in other listed entities during the three years prior to the current period:</i> None</p>

3. Directors' Shareholdings

The table below sets out each Director's relevant interest in shares or options of the Company at the date of this report:

Director	Number of ordinary shares	Number of ordinary shares issued under employee share scheme
Ian Basser	200,000	301,302
Mark Samlal	-	-
David Fagan	-	222,964
Franck Neron-Bancel	394,000	222,964
Total	594,000	747,230

4. Company Secretary

Oliver Carton BJuris LLB was appointed Company Secretary on 13 July 2017.

Oliver is a qualified lawyer with over 28 years' experience in a variety of corporate roles. He currently runs his own consulting business, and was previously a Director of the Chartered Accounting firm KPMG where he managed its Corporate Secretarial Group. Prior to that, he was a senior legal officer with ASIC.

Directors' Report

5. Directors' Meetings

The table below sets out the number of meetings held during the 2018 financial period and the number of meetings attended by each Director. During the period, 1 Board meeting was held.

Director	Eligible to attend	Attended
Ian Basser	1	1
Mark Samlal	1	1
David Fagan ¹	1	1
Franck Neron-Bancel	1	1

¹ David Fagan will chair the Audit and Risk Committee

6. Review of Operations

Principal activities

The company was incorporated on 13 July 2017 with the express purpose acquiring a Singapore based company - Pay Asia Pte Ltd (PayAsia) and listing on the Australian Stock Exchange (ASX) pursuant to a Prospectus lodged with the Australian Securities and Investment Commission.

The company successfully listed on the ASX on the 29 May 2018 and completed the acquisition of PayAsia via a share swap arrangement as at the date of listing.

Financial performance

The company recorded a loss after tax of \$997,330.

7. Business Strategies, Prospects and Risks for the Future Financial Years

The company was incorporated on 13 July 2017 and listed on the ASX on 29 May 2018 and in doing so raised \$8.5m. On listing the company acquired a Singapore based company, Pay Asia Pte Ltd (PayAsia) and become the parent entity for PayAsia.

Following the acquisition, PayGroup and PayAsia (Group) will continue to expand the underlying PayAsia business.

The Group is a provider of BPO solutions and Cloud (Software-as-a-Service or SaaS) based Human Capital Management (HCM) software, operating in the Asia Pacific region for multinational companies, and today services over 400 client entities with more than 31,000 client employees across 18 countries.

PayAsia is headquartered in Singapore, and as at 31 December 2017, the Group had 111 employees located across 8 countries.

Clients are typically medium to large multinational companies with employees in multiple countries in the Asia Pacific region.

The Group operates as a trusted partner to perform the outsourced payroll process for the client employees including banking, treasury, lodgement of statutory submissions including taxation, superannuation, pension, provident funds, and other social benefits.

Beyond its BPO Payroll Services, the Group's SaaS HCM software product suite supports clients in managing aspects of their employees life cycle, plus regional and mobile-enabled workflows for critical processes (such as employee and manager self-service, leave management and expense management).

The Group will be leveraging the flexibility of its Cloud deployment capabilities to further implement its SaaS HCM suite in additional countries within and outside of the Asia Pacific region.

Directors' Report

8. Subsequent Events

Since the 31 March 2018 the following significant activities have been undertaken by the Directors:

- The company was admitted to the official list of the ASX on 29 May 2018. The Company raised \$8.5m pursuant to the offer under the prospectus dated 11 April 2018 by the issue of 17,000,000 shares at an issue price of 50 cents per share.
- As detailed in the prospectus, the company acquired the shares in PayAsia immediately post listing via a share swap agreement. This acquisition was not deemed an acquisition as per Australian Accounting Standard AABS 3 – Business Combinations and therefore no goodwill is to be recognised on acquisition.

Apart from the matters noted above, there have been no matters or circumstances other than those referred to in the financial statements or notes to the financial statements that have arisen since the end of the financial period, that have significantly affected, or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company in subsequent financial years.

9. Changes in State of Affairs

Apart from the matters referred to within the subsequent event note, there were no other significant changes in the state of affairs of the Company other than that referred to in the financial statements or notes thereto.

10. Environmental Factors

PayGroup is not subject to any significant environmental regulation under Australian Commonwealth or State law. PayGroup recognises its obligations to its stakeholders (customers, shareholders, employees and the community) to operate in a way that minimises the impact it has on the environment.

11. Dividends

No dividends were declared or paid during the financial period. Post year end and the listing on the ASX the Directors declared a dividend of \$750,000. This dividend is based on the \$750,000 dividend declared by Payasia Pte Ltd and is in line with the Company's dividend policy outlined in the Prospectus.

12. Indemnification of Directors, Officers and Auditors

The Directors and Officers of PayGroup Limited are indemnified against liabilities pursuant to agreements with PayGroup Limited. PayGroup Limited has entered into insurance contracts with a third party insurance provider, in accordance with normal commercial practices. Under the terms of the insurance contract, the nature of the liabilities insured against and the amount of premiums paid are confidential. The company is not aware of any liability that arose under these indemnities as at the date of this report.

During or since the end of financial period, the company has not indemnified or made a relevant agreement to indemnify the auditor against a liability incurred as auditor.

13. Proceedings on Behalf of Company

No person has applied for leave of court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the period.

Directors' Report

14. Non-audit services

The Board of Directors, is satisfied that the provision of non-audit services during the period is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence, as the nature of the services provided does not compromise the general principles relating to auditor independence in accordance with APES 110: *Code of Ethics for Professional Accountants* set by the Accounting Professional and Ethical Standards Board.

There were no non-audit services provided during the period ended 31 March 2018.

15. Auditor's Independence Declaration

The lead auditor's independence declaration for the period ended 31 March 2018 has been received and can be found on page 7 of the financial report.

16. Employee Share Plan

On the 23 February 2018 the Directors and senior employees were invited to apply for Plan Shares under the Loan Share Plan. A limited recourse loan was provided to allow the Directors and senior employees to purchase the Plan Shares at the Company's Initial Public Offering price of \$0.50 per share, pursuant to the terms of the loan agreement. The Plan Shares are subject to voluntary escrow conditions of 24 months from date of issues and vest on issue.

Shares issued to directors and employees under the employee share plan financed via a non-recourse loan are treated in the same way as options and fair valued accordingly at issue date. The fair value of the Loan Share Plan was calculated using the Binomial option pricing model. The value of the shares has been expensed on a proportionate basis from grant date to vesting date. As the shares vested immediately the full value of \$216,904 has been recognised on share issue in the share based payment reserve.

17. Transactions with KMP and/or their related party

There were no transactions conducted between the Company and KMP or their related parties, apart from those disclosed above relating to equity compensation, that were conducted other than in accordance with normal employee, customer or supplier relationships on terms no more favourable than those reasonably expected under arm's length dealings with unrelated persons.

This directors' report is signed in accordance with a resolution of the Board of Directors:



Ian Basser
Chairman

29 June 2018

Auditor's Independence Declaration



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Auditor's Independence Declaration to the Directors of PayGroup Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of PayGroup Limited for the period ended 31 March 2018, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

E W Passaris

E W Passaris
Partner – Audit & Assurance

Melbourne, 29 June 2018

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Statement of Profit or Loss and Other Comprehensive Income

for the period ended 31 March 2018

	Note	2018 \$
Revenue from continuing operations		–
Employee benefits expense	2.2	177,887
Initial public offering costs	2.2	528,036
Consulting and professional fees		245,176
Other expenses		46,231
Loss before income tax		997,330
Income tax (expense)/credit		–
Net loss for the period		997,330
Other comprehensive income		–
Total comprehensive loss for the period		997,330
Earnings per share		
Basic earnings per share (cents)	2.3	(2.99)
Diluted earnings per share (cents)	2.3	(2.99)

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Statement of Financial Position

as at 31 March 2018

	Note	2018 \$
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	4.3	1
Trade and other receivables	3.1	38,779
Prepayments		8,333
Other assets	3.2	181,686
TOTAL CURRENT ASSETS		228,799
TOTAL ASSETS		228,799
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	3.3	721,624
TOTAL CURRENT LIABILITIES		721,624
TOTAL LIABILITIES		721,624
NET DEFICIT		(492,825)
EQUITY		
Issued capital	4.4	287,601
Reserves	5.2	216,904
Accumulated losses		(997,330)
TOTAL EQUITY		(492,825)

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

for the period ended 31 March 2018

	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 13 July 2017	–	–	–	–
Comprehensive income				
Loss for the period	–	–	(997,330)	(997,330)
Other comprehensive income for the period	–	–	–	–
Total comprehensive income for the period	–	–	(997,330)	(997,330)
Transactions with owners, in their capacity as owners, and other transfers				
Shares issued during the period	287,601	–	–	287,601
Shares granted during the period under employee share plan	–	216,904	–	216,904
Total transactions with owners and other transfers	287,601	216,904	–	504,505
Balance at 31 March 2018	287,601	216,904	(997,330)	(492,825)

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Statement of Cash Flows

for the period ended 31 March 2018

	Note	2018 \$
Cash flows from operations		
Receipts from customers		-
Payments to suppliers and employees		-
		-
Net cash outflow from operating activities	5.4	-
Cash flows from financing activities		
Proceeds from issuing of shares		1
Net cash inflow from financing activities		1
Net increase in cash and cash equivalents		1
Cash and cash equivalents at the beginning of the financial period		-
Cash and cash equivalents at the end of the financial period	4.3	1

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

for the period ended 31 March 2018

1. Introduction to the Report

Statement of Compliance

These general purpose financial statements of PayGroup Limited have been prepared in accordance with the Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. The financial statements comply with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

The financial statements were authorised for issue by the Board of Directors on 29 June 2018.

Basis of Preparation

Except for cash flow information, 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.

Going Concern

The financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the normal course of business.

The company incurred a net loss after tax of for the period ended 31 March 2018 of \$997,330 and as at 31 March 2018 the company was in a net deficit position of \$492,825. As disclosed in Note 5.5 Events occurring after the reporting period, the company has successfully listed on the Australian Stock Exchange and raised \$8.5m. On this basis the Directors are of the opinion that the use of the going concern basis is appropriate and the Company will be able to pay its debts as and when they fall due.

Critical accounting estimates and assumptions

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies.

Accounting estimates and judgments	Note	Page
Taxation	2.4	25
Fair value of Share Based Payment Transactions	5.1	30

Significant accounting policies

The significant accounting policies adopted in the preparation of the financial statements are set out below. Other significant policies are contained in the notes to the financial statements to which they relate. The financial statements are for the PayGroup Limited (company).

i. Foreign currency translation

Functional and presentation currency

The consolidated financial statements are presented in Australian dollars (AUD), which is also the functional currency of the Company.

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency of the Company, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from re-measurement of monetary items at year end exchange rates are recognised in profit or loss.

Notes to the Financial Statements

ii. New Accounting Standards and Interpretations not yet adopted by the Company

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the company for the reporting period ended 31 March 2018.

Accounting Standards issued by the AASB that are not yet mandatorily applicable to the Company, together with an assessment of the potential impact of such pronouncements on the Company when adopted in future periods, are discussed below:

a. AASB 16: Leases (applicable to annual reporting periods beginning on or after 1 January 2019).

When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: *Leases* and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

The main changes introduced by the new Standard include:

- i. Recognition of a right to use asset and liability for leases (excluding short term leases with less than 12 months tenure and lease relating to low value assets)
- ii. Depreciation of right to use assets in line with AASB 116 Property, Plant and Equipment in profit or loss and unwinding of the liability in principal and interest components
- iii. Variable lease payments that depend on an index or a rate are included in the initial measurement of the lease liability using the index or rate at the commencement date; and
- iv. Additional disclosure requirements.

The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108 or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

To the extent that the Company, as a lessee, has significant operating leases outstanding at the date of initial application, 1 April 2019, right-to-use assets will be recognised for the amount of the unamortised portion of the useful life, and lease liabilities will be recognised at the present value of the outstanding lease payments.

Thereafter, earnings before interest, depreciation, amortisation and tax (EBITDA) will increase because operating lease expenses currently included in EBITDA will be recognised instead as amortisation of the right-to-use asset, and interest expense on the lease liability. However, there will be an overall reduction in net profit before tax in the early years of a lease because the amortisation and interest charges will exceed the current straight-line expense incurred under AASB 117 Leases. This trend will reverse in later years.

2. Business Result for the Period

This section provides the information that is most relevant to understanding the financial performance of the Company during the financial period and, where relevant, the accounting policies applied and the critical judgements and estimates made.

2.1 Segment information

An operating segment is a component of an entity that engages in business activities from which it may earn revenue and incur expenses, whose operating results are regularly reviewed by the Group's Chief Operating Decision Maker (CODM) in order to effectively allocate Company resources and assess performance.

Given the nature of operations of the company up to 31 March 2018, the company does not have any segment based reporting.

Notes to the Financial Statements

2.2 Loss for the period

Loss before income tax from continuing operations includes the following specific expenses

	2018
Employee benefits expense	
– Director fees	77,083
– Share based payments	100,804
Initial public offering costs	528,036

2.3 Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of PayGroup Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

	2018 Cents
From continuing operations attributable to the ordinary equity holders of the company	(2.99)
Total basic earnings per share attributable to the ordinary equity holders of the company	(2.99)

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

	2018 Cents
From continuing operations attributable to the ordinary equity holders of the company	(2.99)
Total diluted earnings per share attributable to the ordinary equity holders of the company	(2.99)

Reconciliation of earnings used in calculating earnings per share

	2018 \$
Basic earnings per share	
Loss attributable to the ordinary equity holders of the company used in calculating basic earnings per share:	
From continuing operations	(997,330)
Diluted earnings per share	
Loss attributable to the ordinary equity holders of the company used in calculating basic earnings per share:	
From continuing operations	(997,330)

Notes to the Financial Statements

Weighted average number of shares used as the denominator

	2018 Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	333,443
Weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share	333,443

2.4 Taxation

The income tax expense for the period comprises current tax expense and deferred tax expense.

Current tax

Current tax assets/liabilities are measured at the amounts expected to be recovered/to be paid to/from the relevant taxation authority.

Deferred tax

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the period as well as unused tax losses.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability. With respect to non-depreciable items of property, plant and equipment measured at fair value and items of investment property measured at fair value, the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of the asset will be recovered entirely through sale.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Offsetting balances

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (i) a legally enforceable right of set-off exists; and (ii) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

i. Reconciliation of income tax expense to prima facie tax payable

	2018 \$
Loss from continuing operations before income tax expense	997,330
Prima facie tax rate of 27.5%	(274,266)
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:	
Current period tax losses not recognised	274,266
Income tax benefit	-

Notes to the Financial Statements

Carried forward tax losses of \$997,330 have not brought to account as a deferred tax asset of \$274,266. Based on the value of tax losses incurred, the directors' have formed an opinion that the business was not in a position to satisfy the criteria for recognising these losses as a deferred tax asset. These losses remain available for the Company to use in the future.

Under normal circumstances, the benefits of deferred tax losses not brought to account can only be realised in the future if:

- assessable income is derived of a nature, and of an amount sufficient to enable the benefit from the deductions to be realised
- conditions for deductibility imposed by law are complied with; and
- no changes in tax legislation adversely affect the realisation of the benefit from the deductions.

The directors on a regular basis will assess the recognition of the deferred tax assets.

ii. Franking credits

	2018 \$
Franked dividends	-
Franking credits available for subsequent financial years based on a tax rate of 27.5%	-
	-

Key estimate and judgment: Taxation

The company is subject to income taxes in Australia. Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

3. Operating Assets and Liabilities

3.1 Trade and other receivables

Recognition and measurement

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Other receivables represent amounts due from Pay Group Pte Ltd and its subsidiaries.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. The amount of the impairment loss is recognised in profit or loss within impairment losses on loans and receivables. When a trade receivable for which an impairment allowance had been recognised becomes uncollectable in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the impairment losses on loans and receivables in profit or loss.

Notes to the Financial Statements

	2018 \$
CURRENT	
Other receivables	
PayMY Outsourcing Sdn. Bhd.	8,894
Pay Asia Australia Pty Ltd	29,885
Total current trade and other receivables	38,779

No impairment provision has been recognised and the balances are not deemed past due.

3.2 Other assets

	2018 \$
Capital raise costs	181,686
	181,686

The company has capitalised costs associated with the capital raise that was completed subsequent to period end in May 2018. These costs will be directly off set against funds raised.

3.3 Trade and other payables

Recognition and measurement

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial period which are unpaid. The carrying amounts of trade and other payables are assumed to be the same as their fair values due to their short term nature.

	2018 \$
CURRENT	
Other payables	
Pay Asia Pte Ltd	633,708
Accrued expenses	87,916
	721,624

3.4 Contingent liabilities

As at the reporting date, there were no material claims or disputes of a contingent nature against the Company.

4. Capital Management

The Company's objective when managing capital is to:

- Safeguard their ability to continue as a going concern, so that they can provide returns to shareholders; and
- Maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

For the purpose of analysis the Company defines capital as fully paid ordinary shares.

Notes to the Financial Statements

4.1 Borrowings

Recognition and measurement

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

The Company has no borrowings for the current period.

4.2 Financial risk management

The Company's activities expose it to a variety of financial risks: market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company. The Company uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk.

Market risk

Foreign currency risk

The Company undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates.

As the company has no borrowings and limited cash reserves interest rate risk is very low.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date of recognised financial assets is the carrying amount of those assets, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements.

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to customers including receivables and committed transactions.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisations, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

Notes to the Financial Statements

Liquidity risk

Prudent liquidity risk management requires the Company to maintain sufficient liquid assets and available borrowing facilities to be able to pay debts as and when they become due and payable.

The Company manages liquidity risk by maintaining adequate cash reserves and by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Amounts presented below represent the future undiscounted principal and interest cash flows.

Maturity analysis

2018	1 year or less	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Remaining contractual maturities
	\$	\$	\$	\$	\$
Non-interest bearing					
Other payables	633,708	-	-	-	633,708
Accrued expenses	87,916	-	-	-	87,916
	721,624	-	-	-	721,624

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

4.3 Cash and cash equivalents

Recognition and measurement

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturity dates of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

	2018 \$
Cash on hand	1
	1

4.4 Contributed equity

Recognition and measurement

Ordinary fully paid shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

All issued ordinary shares are fully paid. Holders of these shares are entitled to dividends as declared from time to time and are entitled to one vote per share at General meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

	2018 Shares	2018 \$
Ordinary shares – fully paid	2,417,452	287,601

Notes to the Financial Statements

Movements in ordinary share capital

Details	Date	Shares	Issue price \$	\$
2018				
Balance	13 Jul 2017	-	-	-
Shares issued to director	13 Jul 2017	2	\$0.50	1
Shares issued under Loan Share Plan	23 Feb 2018	1,763,450	-	-
Shares issued under share based payment arrangement	23 Feb 2018	594,000	\$0.43	257,600
	23 Feb 2018	60,000	\$0.50	30,000
		2,417,452		287,601

4.5 Dividends

No dividends were paid or declared for the current period. Post year end and the listing on the ASX the Directors declared a dividend of \$750,000.

5. Other

5.1 Related party transactions

Related entities

As noted in the subsequent events note, PayGroup Limited acquired 100% of the shares in Pay Asia Pte Ltd in May 2018 as part of a share swap arrangement. Pay Asia Pte Ltd become a 100% controlled entity at this date. This transaction was undertaken as part of the initial public offering undertaken by Pay Group Limited. Expenses associated with listing the company on the ASX were paid by Pay Asia Pte Ltd.

Employees of Pay Asia Pte Ltd and its subsidiaries were offered shares as part of the employee loan share plan. The employee benefits expense of this plan have been recognised in the financial statements of these entities.

During the current period, directors or parties related to the directors subscribed for shares in the company as follows:

Date	Name	Number of Shares	Amount Paid
13 Jul 2017	Mark Samlal	2	1
13 Feb 2018	Ian Basser ¹	200,000	100,000
13 Feb 2018	Franck Neron-Bancel ¹	394,000	197,000

1 Shares were issued as part of a share based payment arrangement - whereby fees were settled by issuing shares

Notes to the Financial Statements

Loans to/(from) related parties

The Company has the following loans to/(from) related parties in the current period.

	2018 \$
PayMY Outsourcing Sdn Bhd	8,894
Pay Asia Australia Pty Ltd	29,885
Pay Asia Pte Ltd	(633,709)

The above loans are all unsecured, interest free and payable at call.

Key management personnel remuneration

	2018 \$
Short-term salary/fees	127,083
Share based payments	100,804
	227,887

Share based payments

Equity-settled share-based compensation benefits are provided to employees and directors.

Equity-settled transactions are awards of shares, options over shares or employee loan share plans, that are provided to employees and directors in exchange for the rendering of services.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value of options is independently determined using the Binomial option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

On the 23 February 2018 the Directors and senior employees were invited to apply for Plan Shares under the Loan Share Plan. A limited recourse loan was provided to allow the Directors and senior employees to purchase the Plan Shares at the Company's Initial Public Offering price of \$0.50 per share, pursuant to the terms of the loan agreement. The Plan Shares are subject to voluntary escrow conditions of 24 months from date of issues and vest on issue.

The Plan aims to recognise long-term performance by rewarding the Directors and key management with Performance Shares which will allow them to share in the growth in value of the Company.

Each Performance Share is an ordinary share in PayGroup Limited and are only subject to voluntary escrow conditions.

Notes to the Financial Statements

Shares issue pursuant to the Loan Share Plan:

Name	Issue Date	Shares Issued	Issue Price	Loan Balance
Ian Basser	23 Feb 2018	301,302	\$0.50	150,651
David Fagan	23 Feb 2018	222,964	\$0.50	111,482
Franck Neron-Bancel	23 Feb 2018	222,964	\$0.50	111,482
Sachin Goklaney	23 Feb 2018	242,964	\$0.50	121,482
Chris Brunton	23 Feb 2018	242,964	\$0.50	121,482
Shailendra Dasika	23 Feb 2018	120,520	\$0.50	60,260
Srinivas Rao	23 Feb 2018	120,520	\$0.50	60,260
Elana Austria	23 Feb 2018	72,313	\$0.50	36,156
Dawn Lim	23 Feb 2018	72,313	\$0.50	36,156
Aiden Liew	23 Feb 2018	72,313	\$0.50	36,156
Justin Owen	23 Feb 2018	72,313	\$0.50	36,156

The fair value of the Loan Share Plan was calculated using the Binomial pricing model using inputs as noted below. As the shares vested immediately the full value of \$216,904 has been accounted for in the share based payment reserve, with the expense recognised within the entity where the employee is contracted.

The above fair value calculation was based upon the following inputs:

Share price at grant date	\$0.40
Risk free rate	2.38%
Volatility factor	40%
Exercise Price	\$0.50
Time to maturity	5 years
Expected dividend yield	6.2%

5.2 Reserves

Recognition and measurement

The share-based payment reserve is used to recognise:

- the fair value of options issued to Directors and employees which have not been exercised;
- the fair value of shares issued to Directors and employees; and
- other share-based payment transactions.

The cost of shares and options over shares issued to Directors and employees are measured as set out in the related parties note in section 5.1.

Notes to the Financial Statements

Share based payment reserve

	2018 \$
Opening balance	-
Shares granted during period under employee share plan	216,904
Closing balance	216,904

5.3 Remuneration of auditors

	2018 \$
Audit and assurance services	28,000
Total remuneration	28,000

5.4 Cash flow information

(a) Reconciliation of cash flow from operating activities

	2018 \$
Loss after tax for the period	997,330
Share based payments	(192,471)
Increase in other assets	181,686
Increase in trade and other liabilities	(986,545)
Net cash outflow from operating activities	-

(b) Non-cash investing and financing activities

	2018 \$
Shares issued under loan share arrangement	216,904
Shares issued as settlement of liability	287,600

5.5 Events occurring after the reporting period

Since the 31 March 2018 the following significant activities have been undertaken by the Directors:

- The company was admitted to the official list of the ASX on 29 May 2018. The Company raised \$8.5m pursuant to the offer under the prospectus dated 11 April 2018 by the issue of 17,000,000 shares at an issue price of 50 cents per share.
- As detailed in the prospectus, the company acquired the shares in PayAsia immediately post listing via a share swap agreement. This acquisition was not deemed an acquisition as per Australian Accounting Standard AABS 3 – Business Combinations and therefore no goodwill is to be recognised on acquisition.

Apart from the matters noted above, there have been no matters or circumstances other than those referred to in the financial statements or notes to the financial statements that have arisen since the end of the financial period, that have significantly affected, or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company in subsequent financial years.

Directors' Declaration

In the opinion of the Directors' of PayGroup Limited

- (a) the financial statements and notes, as set out on pages 8 to 24, are in accordance with the *Corporations Act 2001*, including:
- (i) giving a true and fair view of the entity's financial position as at 31 March 2018 and of its performance for the period ended on that date; and
 - (ii) complying with Accounting Standards and the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (iii) as stated in note 1, the financial statements also comply with International Financial Reporting Standards
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

Signed in accordance with a resolution of the Directors' made pursuant to section 295(5) of the *Corporations Act 2001*.

On behalf of the Directors,



Ian Basser
Chairman

Melbourne, 29 June 2018

Independent Auditor's Report



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Independent Auditor's Report to the Members of PayGroup Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of PayGroup Limited (the Company), which comprises the statement of financial position as at 31 March 2018, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the period then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the *Corporations Act 2001*, including:

- a giving a true and fair view of the Company's financial position as at 31 March 2018 and of its performance for the period ended on that date; and
- b complying with Australian Accounting Standards and complying with the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Independent Auditor's Report



Information Other than the Financial Report and Auditor's Report Thereon

The Directors are responsible for the other information. The other information comprises the information included in the directors' report for the period ended 31 March 2018, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

A stylized, handwritten-style signature of "Grant Thornton" in a dark grey or black ink.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

A handwritten signature of "E W Passaris" in a dark grey or black ink, written in a cursive style.

E W Passaris
Partner – Audit & Assurance

Melbourne, 29 June 2018

Additional Information for Listed Public Companies

The following additional information is required by the Australian Stock Exchange Ltd in respect of listed public companies only. The following information is current as at 30 June 2018.

(1) Shareholding

(a) Distribution of shareholders

Range	Total holders	Units	% of issued capital
1 – 1,000	21	12,023	0.02
1,001 – 5,000	123	433,664	0.84
5,001 – 10,000	57	419,748	0.81
10,001 – 100,000	139	4,879,671	9.44
100,001 – 9,999,999,999	34	45,926,360	88.88
Rounding			0.01
Total		51,671,466	100.00

(b) The number of shareholdings held in less than marketable parcels is five

(c) Substantial Shareholders

Shareholder	Number of Ordinary Shares Fully Paid Shares Held	% Held of Issued Ordinary Capital
Michele Samantha Samlal	22,080,704	42.73
Lawrence Pushpam	7,051,953	13.65

(d) Voting Rights

The voting rights attached to each class of equity security are as follows:

Ordinary shares

Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

Additional Information for Listed Public Companies

(e) 20 Largest Shareholders – ordinary Shares

	Shareholder	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
1	MICHELE SAMANTHA SAMLAL	22,080,704	42.73
2	LAWRENCE PUSHPAM	7,051,953	13.65
3	BUTTONWOOD NOMINEES PTY LTD	2,475,163	4.79
4	SIMON FORRESTER <SIMON & SALLY S/F A/C>	2,427,722	4.70
5	NATIONAL NOMINEES LIMITED	1,560,000	3.02
6	J P MORGAN NOMINEES AUSTRALIA LIMITED	1,305,500	2.53
7	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	1,153,760	2.23
8	FRANCK NERON-BANCEL	947,296	1.83
9	BNP PARIBAS NOMS PTY LTD <DRP>	765,000	1.48
10	AET CT PTY LIMITED <VP CAPITAL FUND I>	700,000	1.35
11	NANCY CHANDLER KOGLMEIER	693,635	1.34
12	IAN BASSER	501,302	0.97
13	ASIA PAC TECHNOLOGY PTY LTD	400,000	0.77
14	RIDDLER INVESTMENTS PTY LTD	355,176	0.69
15	JETAN PTY LTD <GR PLUMMER SUPER FUND A/C>	300,000	0.58
16	WEBINVEST PTY LTD <OLSB UNIT A/C>	300,000	0.58
17	CHRISTOPHER JULIAN BRUNTON	242,964	0.47
18	SACHIN GOKLANEY	242,964	0.47
19	DAVID FAGAN	222,964	0.43
20	WOODROSS NOMINEES PTY LTD	220,000	0.43
Total Top 20 holders of ordinary fully paid shares		43,946,103	85.05
Total remaining holders balance		7,725,363	14.95

(2) Number and class of restricted securities and securities subject to voluntary escrow

Description	Number on Issue
Fully paid ordinary shares escrowed to 28 May 2020	29,786,659
Fully paid ordinary shares escrowed to 28 November 2018	1,560,679
Employee share plan shares escrowed to 28 May 2020	1,763,450
Total	33,110,788

Additional Information for Listed Public Companies

(3) Unquoted Securities

There are no unquoted securities.

(4) Use of cash

Since the date of listing on the ASX PayGroup used its cash and assets readily convertible into cash in a way consistent with its business objectives.

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Corporate Directory

Directors

Ian Basser – Non-Executive Chairman
David Fagan – Non-Executive Director
Mark Samlal – Managing Director
Franck Neron-Bancel – Executive Director

Company Secretary

Oliver Carton
Email: Investor@payasia.asia

Company's Registered Office

24-26 Second Avenue
Box Hill North 3129 Australia

PayGroup's Global Headquarters
#14-00,1 Phillip Street, Singapore 048692

Share Registry

Computershare Investor services Pty Limited

Yarra Falls
452 Johnson Street
Abbotsford Victoria 3067 Australia

Auditor

Grant Thornton

Collins Square Level 16 Tower 1
727 Collins Street
Melbourne Victoria 3008 Australia

Australian Legal Adviser

K&L Gates

Level 25
525 Collins Street
Melbourne Victoria 3000 Australia

Stock Exchange Listing

PayGroup Limited is listed on the Australian Stock
Exchange (ASX Code:PYG)

www.paygrouplimited.com



TEAMWORK

INTEGRITY

OUR PEOPLE,
OUR VALUES

ENCOURAGE

PARTNERSHIP

RESPECT



400+
CLIENT ENTITIES



31,000+
CLIENT EMPLOYEES



18
COUNTRIES



8
OUR PRESENCE