

CIRCLE INTERNATIONAL HOLDINGS LIMITED
(Company No. OI - 318051)
(Incorporated in Cayman Islands)

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2019
(In Australian Dollar)

FINANCIAL STATEMENTS

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CIRCLE INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Cayman Islands)

**STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD 1 JANUARY 2019 TO 30 JUNE 2019**

(With comparative for the year ended 31 December 2018)

| | Note | The Group | | The Company | |
|---|------|------------|-------------|-------------|--------------|
| | | 30.06.2019 | 31.12.2018 | 30.06.2019 | 31.12.2018 |
| | | (6 months) | (12 months) | (6 months) | (12 months) |
| | | Unaudited | Audited | Unaudited | Audited |
| | | AUD | AUD | AUD | AUD |
| Revenue | | 755,949 | 1,826,669 | - | - |
| Cost of sales | | (239,637) | (2,578,757) | - | - |
| Gross profit | | 516,312 | (752,088) | - | - |
| Other income | | 1,421 | 1,412,367 | 236 | 386,291 |
| Administrative expenses | | (53,100) | (274,016) | (5,132) | (148,022) |
| Other operating expenses | | (585,401) | (4,349,663) | (675) | (57,680,260) |
| Finance costs | | (23,507) | (15,917) | - | - |
| Profit/(Loss) before tax | 5 | (144,275) | (3,979,317) | (5,571) | (57,441,991) |
| Tax expense | 6 | - | (8,489) | - | - |
| Profit/(Loss) for the year | | (144,275) | (3,987,806) | (5,571) | (57,441,991) |
| Other comprehensive loss, net of tax items that may be reclassified subsequently to profit or loss | | | | | |
| Foreign currency translation differences | | 39,507 | (28,825) | (1,105) | (22,579) |
| Other comprehensive profit/(loss), net of tax | | 39,507 | (28,825) | (1,105) | (22,579) |
| Total comprehensive profit/(loss) | | (104,768) | (4,016,631) | (6,676) | (57,464,570) |
| Loss per share | | | | | |
| Basic and fully diluted (cents) | 7 | (0.08) | (2.22) | | |

CIRCLE INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Cayman Islands)

**STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2019**

| | | The Group | | The Company | |
|-----------------------------------|------|--------------------------|---------------------------|--------------------------|---------------------------|
| | | 30.06.2019 (6 months) | 31.12.2018 (12 months) | 30.06.2019 (6 months) | 31.12.2018 (12 months) |
| | | Unaudited | Audited | Unaudited | Audited |
| | Note | AUD | AUD | AUD | AUD |
| ASSETS | | | | | |
| Non Current Assets | | | | | |
| Property, plant and equipment | 8 | 382,954 | 386,190 | - | - |
| Investment in subsidiaries | 9 | - | - | 3 | 3 |
| Other investment | | 5,522 | 5,488 | - | - |
| Total Non Current Assets | | 388,476 | 391,678 | 3 | 3 |
| Current Assets | | | | | |
| Trade and other receivables | 10 | 832,873 | 870,792 | 210,936 | 209,820 |
| Fixed deposits with licensed bank | | 37,877 | 36,464 | - | - |
| Cash and bank balances | | 145,668 | 171,383 | 143 | 142 |
| Total Current Assets | | 1,016,418 | 1,078,639 | 211,079 | 209,962 |
| TOTAL ASSETS | | 1,404,894 | 1,470,317 | 211,082 | 209,965 |
| EQUITY AND LIABILITIES | | | | | |
| Equity | | | | | |
| Share capital | 11 | 57,656,229 | 57,656,229 | 57,656,229 | 57,656,229 |
| Reserves | 12 | (59,343,125) | (59,238,357) | (57,863,946) | (57,857,270) |
| Capital Deficiency | | (1,686,896) | (1,582,128) | (207,717) | (201,041) |
| Non Current Liabilities | | | | | |
| Term loan | 13 | 286,147 | 278,562 | - | - |
| Trade and other payables | 14 | 183,353 | 536,570 | - | - |
| Deferred tax liabilities | | 176 | 174 | - | - |
| Total Non Current Liabilities | | 469,676 | 815,306 | - | - |

CIRCLE INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Cayman Islands)

**STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2019**

| | | The Group | | The Company | |
|-------------------------------------|-------------|-------------------|--------------------|--------------------|--------------------|
| | | 30.06.2019 | 31.12.2018 | 30.06.2019 | 31.12.2018 |
| | | (6 months) | (12 months) | (6 months) | (12 months) |
| | | Unaudited | Audited | Unaudited | Audited |
| | Note | AUD | AUD | AUD | AUD |
| Current Liabilities | | | | | |
| Trade and other payables | 14 | 2,150,528 | 1,710,452 | 418,799 | 411,006 |
| Term loan | 13 | 84,362 | 110,773 | - | - |
| Bank overdraft | 15 | 65,949 | 33,597 | - | - |
| Tax payable | | 321,275 | 382,317 | - | - |
| Total Current Liabilities | | 2,622,114 | 2,237,139 | 418,799 | 411,006 |
| TOTAL LIABILITIES | | 3,091,790 | 3,052,445 | 418,799 | 411,006 |
| TOTAL EQUITY AND LIABILITIES | | 1,404,894 | 1,470,317 | 211,082 | 209,965 |

CIRCLE INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Cayman Islands)

**STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019**

(With comparative for the year ended 31 December 2018)

| The Group | Share capital AUD | Merger reserve AUD | Foreign currency translation reserve AUD | Retained earnings /(loss) AUD | Total AUD |
|--|------------------------------|-------------------------------|---|--|----------------------|
| As of 1 January 2018 | 57,656,229 | (57,388,344) | (104,126) | 2,270,744 | 2,434,503 |
| Loss for the year | - | - | - | (3,987,806) | (3,987,806) |
| Other comprehensive income, net of tax | - | - | (28,825) | - | (28,825) |
| Total comprehensive income | - | - | (28,825) | (3,987,806) | (4,016,631) |
| Balance as of 31 December 2018 | 57,656,229 | (57,388,344) | (132,951) | (1,717,062) | (1,582,128) |
| Loss for the year | - | - | - | (144,275) | (144,275) |
| Other comprehensive income, net of tax | - | - | 39,507 | - | 39,507 |
| Total comprehensive income | - | - | 39,507 | (144,275) | (104,768) |
| Balance as of 30 June 2019 | <u>57,656,229</u> | <u>(57,388,344)</u> | <u>(93,444)</u> | <u>(1,861,337)</u> | <u>(1,686,896)</u> |

| The Company | Share capital AUD | Foreign currency translation reserve AUD | Accumulated losses AUD | Total AUD |
|--|------------------------------|---|-----------------------------------|----------------------|
| As of 1 January 2018 | 57,656,229 | 7,057 | (399,757) | 57,263,529 |
| Loss for the year | - | - | (57,441,991) | (57,441,991) |
| Other comprehensive income, net of tax | - | (22,579) | - | (22,579) |
| Total comprehensive income | - | (22,579) | (57,441,991) | (57,464,570) |
| Balance as of 31 December 2018 | 57,656,229 | (15,522) | (57,841,748) | (201,041) |
| Loss for the year | - | - | (5,571) | (5,571) |
| Other comprehensive income, net of tax | - | (1,105) | - | (1,105) |
| Total comprehensive income | - | (1,105) | (5,571) | (6,676) |
| Balance as of 30 June 2019 | <u>57,656,229</u> | <u>(16,627)</u> | <u>(57,847,319)</u> | <u>(207,717)</u> |

CIRCLE INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Cayman Islands)

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2019

(With comparative for the year ended 31 December 2018)

| The Group | 30.06.2019 (6 months) Unaudited AUD | 31.12.2018 (12 months) Audited AUD |
|---|--|---|
| Cash flows from operating activities | | |
| Loss before tax | (144,275) | (3,979,317) |
| Adjustment for: | | |
| Interest expenses | 23,508 | 15,911 |
| Interest income | (1,185) | (1,042) |
| Depreciation of property, plant and equipment | 5,587 | 12,285 |
| Inventory written-off | 397,190 | - |
| Waiver of amount due to the director | - | (184,606) |
| Waiver of amount due to a related company | - | (837,152) |
| Impairment loss of trade receivables | - | 224,205 |
| Impairment loss of intangibles assets | - | 3,030,495 |
| Amortization | - | 336,722 |
| Unrealised loss on foreign exchange | - | (4) |
| Property, plant and equipment written off | - | 4,463 |
| Operating profit before working capital changes | 280,825 | (1,378,040) |
| Movements in working capital: | | |
| Decrease/(increase) in inventories | (397,190) | 873,226 |
| Decrease/(increase) in trade & other receivables | 40,115 | 936,437 |
| Decrease/(increase) in trade & other payables | 208,640 | (3,346,209) |
| Decrease/(increase) in amount due to/(from) related companies | (91,145) | (165,456) |
| Decrease/(increase) in amount due to/(from) holding company | - | 2,760,887 |
| Decrease/(increase) in amount due to/(from) directors | (55,292) | 212,217 |
| Net cash from/ (used in) operating activities | (14,047) | (106,938) |
| Tax paid | - | (213,468) |
| Interest income | 1,185 | 1,042 |
| Interest paid | (23,508) | (15,911) |
| Net cash used in operation activities | (36,370) | (335,275) |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | - | (4,571) |
| Net cash used in investing activities | - | (4,571) |

CIRCLE INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Cayman Islands)

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2019

(With comparative for the year ended 31 December 2018)

| The Group | 30.06.2019 (6 months) Unaudited AUD | 31.12.2018 (12 months) Audited AUD |
|---|--|---|
| Cash flows from financing activities | | |
| Proceeds from term loan | - | 132,795 |
| Repayment to term loan | (21,143) | (50,291) |
| Net cash from/ (used in) financing activities | (21,143) | 82,504 |
| Net decrease in cash and cash equivalents | (57,513) | (257,342) |
| Effect of exchange rate changes on cash and cash equivalents | 859 | 25,024 |
| Cash and cash equivalents at beginning of year | 174,250 | 406,568 |
| Cash and cash equivalents at end of year (note 15) | 117,596 | 174,250 |

| The Company | 30.06.2019 (6 months) Unaudited AUD | 31.12.2018 (12 months) Audited AUD |
|---|--|---|
| Cash flows (used in)/ from operating activities | | |
| Profits/(Loss) before tax | (5,608) | 226,882 |
| Adjustment for: | | |
| Operating profit before working capital changes | (5,608) | 226,882 |
| Movements in working capital: | | |
| Decrease/(increase) in trade & other receivables | - | (209,820) |
| Decrease/(increase) in trade & other payables | (21,032) | (245,388) |
| Decrease/(increase) in amount due to/(from) a related company | 26,640 | 228,326 |
| Net cash from/ (used in) operating activities | - | - |
| Net increase in cash and cash equivalents | - | - |
| Effect of exchange rate changes on cash and cash equivalents | 1 | 4 |
| Cash and cash equivalents at beginning of year | 142 | 138 |
| Cash and cash equivalents at end of year/period (note 15) | 143 | 142 |

CIRCLE INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Cayman Islands)

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company is incorporated in the Cayman Islands, under the Companies Law. The principal activity of the Company is investment holding.

The Company's registered office and principal place of business is located at P.O. Box 10008, Willow House, Cricket Square, Grand Cayman KY1-1001, Cayman Islands.

Each of the entities within the Group prepares their financial statements based on the currency of the primary economic environment in which the entity operates (the functional currency). The functional currency of the Company is United States Dollars (USD), while the presentation currency of the Group and the Company are Australian Dollars (AUD).

The financial statements of the Group and the Company have been authorised by the Board of Directors for issuance on

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Group and the Company have been prepared in compliance with International Financial Reporting Standards.

3. ADOPTION OF NEW IFRS AND AMENDMENTS TO IFRS

New IFRSs adopted during the financial year

The Group and the Company adopted the following Standards of the IFRS Framework that were issued by the International Accounting Standards Board ('IASB') during the financial year.

| Title | Effective Date |
|--|-----------------------|
| IFRS 16 Leases | 1 January 2019 |
| IC Interpretation 23 Uncertainty over Income Tax Treatments | 1 January 2019 |
| Amendments to IFRS 9: Prepayment Features with Negative Compensation | 1 January 2019 |
| Amendments to IFRS 119: Plan Amendment, Curtailment or Settlement | 1 January 2019 |
| Amendments to IFRS 128: Long-term Interests in Associates and Joint Ventures | 1 January 2019 |
| Annual Improvements to IFRS Standards 2015 – 2017 Cycles | 1 January 2019 |
| Amendments to references to the Conceptual Framework in IFRS Standards | 1 January 2020 |
| IFRS 101 Definition of Material (Amendments to IFRS 101) | 1 January 2020 |
| IFRS 3 Business Combination (Amendments to IFRS 3) | 1 January 2020 |
| IFRS 108 Definition of Material (Amendments to IFRS 108) | 1 January 2020 |
| IFRS 17 Insurance Contracts | 1 January 2021 |

CIRCLE INTERNATIONAL HOLDINGS LIMITED

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IFRS 16: Leases

IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and will replace the current guidance on lease accounting when it becomes effective. Under IFRS 16, the classification of leases as earlier finance leases or operating lease is eliminated for lessees. All lessees are required to recognize their leased assets and the related lease obligations in the statement of financial position (with limited exceptions). The leased assets are subject to depreciation and the interest on lease liabilities are calculated using the effective interest method. The Group and the Company is currently assessing the financial impact that may arise from the adoption of this standard.

4. SEGMENT INFORMATION

The Group operates as a single operating segment and internal management reporting systems present financial information as a single segment. The segment derives its revenue and incurs expenses through media, advertising and marketing activities.

5. LOSS BEFORE TAX

Loss before tax is arrived at:

| | The Group | | The Company | |
|---|-------------------|--------------------|--------------------|--------------------|
| | 30.06.2019 | 31.12.2018 | 30.06.2019 | 31.12.2018 |
| | (6 months) | (12 months) | (6 months) | (12 months) |
| | Unaudited | Audited | Unaudited | Audited |
| | AUD | AUD | AUD | AUD |
| After charging: | | | | |
| Audit fee | 1,094 | 19,006 | - | 10,149 |
| Amortisation of intangible asset | - | 336,722 | - | - |
| Depreciation of property, plant and equipment | 5,587 | 12,285 | - | - |
| Impairment of intangible assets | - | 3,030,495 | - | - |
| Impairment of investment in subsidiaries | - | - | - | 57,656,088 |
| Impairment of trade receivables | - | 231,121 | - | - |
| Overdraft bank interest | 1,014 | 2,082 | - | - |
| Property, plant and equipment written off | - | 4,463 | - | - |
| Provision of doubtful debt | - | 6,946 | - | - |

CIRCLE INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Cayman Islands)

| | The Group | | The Company | |
|--|-------------------|--------------------|--------------------|--------------------|
| | 30.06.2019 | 31.12.2018 | 30.06.2019 | 31.12.2018 |
| | (6 months) | (12 months) | (6 months) | (12 months) |
| | Unaudited | Audited | Unaudited | Audited |
| | AUD | AUD | AUD | AUD |
| After charging: | | | | |
| Remuneration of key management personnel | - | 139,434 | - | - |
| Rental of premise | 22,357 | 26,286 | - | 4,282 |
| Rental of office equipment | 1,133 | 2,267 | - | - |
| Staff costs | 132,140 | 317,459 | - | - |
| Term loan interest | 16,995 | 12,447 | - | - |
| Unrealised loss on foreign exchange | - | 2,525 | - | 63 |
| Inventory charged out | 397,190 | - | - | - |
| After crediting: | | | | |
| Interest income | <u>(1,185)</u> | <u>(1,042)</u> | <u>-</u> | <u>-</u> |

Staff costs and remuneration of key management personnel

| | The Group | | The Company | |
|--------------------------------|-------------------|--------------------|--------------------|--------------------|
| | 30.06.2019 | 31.12.2018 | 30.06.2019 | 31.12.2018 |
| | (6 months) | (12 months) | (6 months) | (12 months) |
| | AUD | AUD | AUD | AUD |
| Staff costs: | | | | |
| Salaries, allowances and bonus | 118,344 | 280,246 | - | - |
| EPF contribution | 12,525 | 33,566 | - | - |
| SOCSO contribution | <u>1,271</u> | <u>3,647</u> | <u>-</u> | <u>-</u> |
| | <u>132,140</u> | <u>317,459</u> | <u>-</u> | <u>-</u> |

| | The Group | | The Company | |
|--|-------------------|--------------------|--------------------|--------------------|
| | 30.06.2019 | 31.12.2018 | 30.06.2019 | 31.12.2018 |
| | (6 months) | (12 months) | (6 months) | (12 months) |
| | AUD | AUD | AUD | AUD |
| Remuneration of key management personnel: | | | | |
| Director's fee | <u>-</u> | <u>139,434</u> | <u>-</u> | <u>-</u> |

CIRCLE INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Cayman Islands)

6. TAX EXPENSE

| | The Group | | The Company | |
|-------------|-------------------|--------------------|--------------------|--------------------|
| | 30.06.2019 | 31.12.2018 | 30.06.2019 | 31.12.2018 |
| | (6 months) | (12 months) | (6 months) | (12 months) |
| | Unaudited | Audited | Unaudited | Audited |
| | AUD | AUD | AUD | AUD |
| Tax expense | <u>-</u> | <u>8,489</u> | <u>-</u> | <u>-</u> |

The numerical reconciliation between the tax expenses and the product of accounting profit multiplied by the applicable tax rate are as follows:

| | The Group | | The Company | |
|---|-------------------|--------------------|--------------------|---------------------|
| | 30.06.2019 | 31.12.2018 | 30.06.2019 | 31.12.2018 |
| | (6 months) | (12 months) | (6 months) | (12 months) |
| | AUD | AUD | AUD | AUD |
| Loss before tax | <u>(144,275)</u> | <u>(3,979,317)</u> | <u>(5,571)</u> | <u>(57,441,991)</u> |
| Tax at statutory tax rate | (45,801) | (955,036) | (1,337) | (13,786,078) |
| Tax effects of: | | | | |
| Non-deductible expenses | <u>45,801</u> | <u>963,525</u> | <u>1,337</u> | <u>13,786,078</u> |
| Income tax expense for the financial year | <u>-</u> | <u>8,489</u> | <u>-</u> | <u>-</u> |

7. LOSS PER SHARE**a. Basic loss per share**

The basic loss per share is calculated by dividing the Group's profit for the year, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year. The weighted average number of ordinary shares in the issue is calculated as follows:

| | The Group | |
|--|--------------------|--------------------|
| | 30.06.2019 | 31.12.2018 |
| | (6 months) | (12 months) |
| | Unaudited | Audited |
| | AUD | AUD |
| Loss for the year, attributable to the owners of the Company (AUD) | <u>(144,275)</u> | <u>(3,987,806)</u> |
| Number of ordinary shares at beginning of the period/year | 180,000,400 | 180,000,400 |
| Weighted-average number of ordinary shares at 30 June/31 December | <u>180,000,400</u> | <u>180,000,400</u> |
| Loss per share (cents) | <u>(0.08)</u> | <u>(2.22)</u> |

b. Diluted loss per share

Diluted loss per ordinary share equals basic loss per ordinary share.

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8. PROPERTY, PLANT AND EQUIPMENT

During the 6 months ended 30 June 2019, the Group has not acquired/disposed items of plant and machinery.

9. INVESTMENT IN SUBSIDIARIES

| | The Company | |
|--------------------------------|--------------------|--------------------|
| | 30.06.2019 | 31.12.2018 |
| | (6 months) | (12 months) |
| | Unaudited | Audited |
| | AUD | AUD |
| Unquoted shares at cost | | |
| As of 1 January | 57,656,091 | 57,656,091 |
| Addition | - | - |
| Impairment | (57,656,088) | (57,656,088) |
| As of 30 June/31 December | <u>3</u> | <u>3</u> |

Details of the subsidiaries are as follows:

| Name of company | Country of incorporation | Effective equity interest (%) | | Principal activities |
|--|---------------------------------|--------------------------------------|-------------------|---|
| | | 30.06.2019 | 31.12.2018 | |
| Circle Corporation International Limited | Hong Kong | 100 | 100 | Advertising, branding, e-media services and creative marketing solution. |
| Circle Corp Mediatech Sdn. Bhd | Malaysia | 100 | 100 | Advertising, publication, entertainment, events, business circle mobile app and related services. |
| Inno Mind Works Sdn. Bhd. | Malaysia | 100 | 100 | Event organiser, advertisement and media industries. |

CIRCLE INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Cayman Islands)

10. TRADE AND OTHER RECEIVABLES

| | The Group | | The Company | |
|--|-------------------|--------------------|--------------------|--------------------|
| | 30.06.2019 | 31.12.2018 | 30.06.2019 | 31.12.2018 |
| | (6 months) | (12 months) | (6 months) | (12 months) |
| | Unaudited | Audited | Unaudited | Audited |
| | AUD | AUD | AUD | AUD |
| Trade receivables | 326,730 | 372,315 | - | - |
| Other receivables, deposit & prepayment | 506,143 | 498,477 | 210,936 | 209,820 |
| | <u>832,873</u> | <u>870,792</u> | <u>210,936</u> | <u>209,820</u> |

| | The Group | | The Company | |
|-------------------------|-------------------|--------------------|--------------------|--------------------|
| | 30.06.2019 | 31.12.2018 | 30.06.2019 | 31.12.2018 |
| | (6 months) | (12 months) | (6 months) | (12 months) |
| | AUD | AUD | AUD | AUD |
| Receivables not yet due | 28,896 | 256,935 | | |
| Past due for: | | | | |
| 1 – 3 months | 208,821 | 9,226 | - | - |
| 3 – 6 months | 11,082 | 413 | - | - |
| 6 – 9 months | - | 1,826 | - | - |
| 9 – 12 months | - | - | - | - |
| 12 months and above | 77,931 | 103,915 | - | - |
| | <u>326,730</u> | <u>372,315</u> | <u>-</u> | <u>-</u> |

Amount owing from related party is unsecured, interest free and with no fixed terms pf repayment.

11. SHARE CAPITAL

Share capital is represented by:

| | 30.06.2019 | 31.12.2018 |
|---------------------------|-------------------|--------------------|
| | (6 months) | (12 months) |
| | Unaudited | Audited |
| | AUD | AUD |
| Issued and fully paid: | | |
| Ordinary shares | | |
| As of 1 January | 57,656,229 | 57,656,229 |
| Issued during the year | - | - |
| As of 30 June/31 December | <u>57,656,229</u> | <u>57,656,229</u> |

CIRCLE INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Cayman Islands)

12. RESERVES

| | The Group | | The Company | |
|------------------------------|-------------------|--------------------|--------------------|--------------------|
| | 30.06.2019 | 31.12.2018 | 30.06.2019 | 31.12.2018 |
| | (6 months) | (12 months) | (6 months) | (12 months) |
| | Unaudited | Audited | Unaudited | Audited |
| | AUD | AUD | AUD | AUD |
| Accumulated losses | 1,861,337 | 1,717,062 | 57,847,319 | 57,841,748 |
| Exchange translation reserve | 93,444 | 132,951 | 16,627 | 15,522 |
| Merger reserve | 57,388,344 | 57,388,344 | - | - |
| | <u>59,343,125</u> | <u>59,238,357</u> | <u>57,863,946</u> | <u>57,857,270</u> |

Exchange translation reserve

The foreign currency translation reserve arises from the translation of the financial statements from its functional currency in United States Dollar (USD), Hong Kong Dollar (HKD) and Malaysian Ringgit (RM) to presentation currency in Australian Dollar (AUD).

Merger reserve

The merger reserve arose as a result of the deficit of the consideration paid over the share capital and reserves of the subsidiaries.

13. TERM LOAN

| | The Group | | The Company | |
|--------------------------|-------------------|--------------------|--------------------|--------------------|
| | 30.06.2019 | 31.12.2018 | 30.06.2019 | 31.12.2018 |
| | (6 months) | (12 months) | (6 months) | (12 months) |
| | Unaudited | Audited | Unaudited | Audited |
| | AUD | AUD | AUD | AUD |
| Payable within 12 months | 84,362 | 99,093 | - | - |
| Payable after 12 months | 286,147 | 290,242 | - | - |
| | <u>370,509</u> | <u>389,335</u> | <u>-</u> | <u>-</u> |

The term loans, which are under the name of a director, are repayable over 84 months to 360 months commencing August 2015 and November 2015 with an effective interest rate of 4.75% to 4.85%. The term loans are secured by a legal charge over the freehold building of the Group.

CIRCLE INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Cayman Islands)

14. TRADE AND OTHER PAYABLES

| | The Group | | The Company | |
|-------------------------------|-------------------|--------------------|--------------------|--------------------|
| | 30.06.2019 | 31.12.2018 | 30.06.2019 | 31.12.2018 |
| | (6 months) | (12 months) | (6 months) | (12 months) |
| | Unaudited | Audited | Unaudited | Audited |
| | AUD | AUD | AUD | AUD |
| Non-current | | | | |
| Amount owing to directors | 79,349 | 147,468 | - | - |
| Amount owing to related party | 104,004 | 389,102 | - | - |
| Current | | | | |
| Trade payables | 584,606 | 414,367 | - | - |
| Other payables & accruals | 1,234,563 | 980,209 | 137,193 | 157,390 |
| Amount owing to directors | 331,359 | 315,876 | - | - |
| Amount owing to subsidiaries | - | - | 281,606 | 253,616 |
| | <u>2,333,881</u> | <u>2,247,022</u> | <u>418,799</u> | <u>411,006</u> |

- (i) Amount owing to directors, related party and subsidiaries are unsecured, interest-free and payable upon demand in cash and cash equivalents.
- (ii) The related party is a company in which certain directors of the Company has a financial interest.

15. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statement of cash flows comprise the following amounts:

| | The Group | | The Company | |
|-----------------------------------|-------------------|--------------------|--------------------|--------------------|
| | 30.06.2019 | 31.12.2018 | 30.06.2019 | 31.12.2018 |
| | (6 months) | (12 months) | (6 months) | (12 months) |
| | Unaudited | Audited | Unaudited | Audited |
| | AUD | AUD | AUD | AUD |
| Fixed deposits with licensed bank | 37,877 | 36,464 | - | - |
| Cash and bank balances | 145,668 | 171,383 | 143 | 142 |
| Bank overdraft | (65,949) | (33,597) | - | - |
| | <u>117,596</u> | <u>174,250</u> | <u>143</u> | <u>142</u> |

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16. CLASSIFICATION AND FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENT

Classification of Financial Instruments

| | The Group | | The Company | |
|-----------------------------------|-------------------|--------------------|--------------------|--------------------|
| | 30.06.2019 | 31.12.2018 | 30.06.2019 | 31.12.2018 |
| | (6 months) | (12 months) | (6 months) | (12 months) |
| | Unaudited | Audited | Unaudited | Audited |
| | AUD | AUD | AUD | AUD |
| Financial assets: | | | | |
| Investment | 5,522 | 5,488 | - | - |
| Trade and other receivables | 832,873 | 870,792 | 210,936 | 209,820 |
| Fixed deposits with licensed bank | 37,877 | 36,464 | - | - |
| Cash and bank balances | 145,668 | 171,383 | 143 | 142 |
| | <u>1,021,940</u> | <u>1,084,127</u> | <u>211,079</u> | <u>209,962</u> |
| Financial liabilities: | | | | |
| Trade and other payables | 2,333,881 | 2,247,022 | 418,799 | 411,006 |
| Term loan | 370,509 | 389,335 | - | - |
| Bank overdraft | 65,949 | 33,597 | - | - |
| | <u>2,770,339</u> | <u>2,669,954</u> | <u>418,799</u> | <u>411,006</u> |

Methods and assumptions used to estimate fair value

The fair value of the financial assets and liabilities is approximately their carrying amounts. The fair values are included in Level 2 of their value hierarchy.

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STATEMENT BY DIRECTORS

The directors of **CIRCLE INTERNATIONAL HOLDINGS LIMITED** state that, in their opinion, the accompanying financial statements are drawn up in accordance with International Financial Reporting Standards to give a true and fair view of the financial position of the Group and the Company as of 30 June 2019 and the financial performance and cash flows of the Group and the Company for the period 1 January 2019 to 30 June 2019.

Signed on behalf of the Board
in accordance with a resolution of the Directors,



YAP CHEE LIM



JEROME AUGUSTUS BATEMAN