

WISEWAY GROUP LIMITED

ABN 26 624 909 682

ANNUAL REPORT

30 JUNE 2022

WISEWAY GROUP LIMITED

ABN 26 624 909 682

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WISEWAY GROUP LIMITED
ABN 26 624 909 682
DIRECTORS' REPORT

The Directors present their report together with the consolidated financial statements of the Group, comprising of Wiseway Group Limited (the 'Company') and its subsidiaries (the 'Group'), for the financial year ended 30 June 2022 and the auditor's report thereon.

1. Directors

The Directors of the Company at any time during or since the end of the financial year are:

Name and independence status

Experience, special responsibilities and other directorships

Florence Tong
Executive Director

Florence is the Co-Founder, Chair and Managing Director of the Company. She has 15 years' experience in the logistics industry, where she led the growth of Wiseway through building strategic partnership with airlines and ecommerce platforms. Florence's experience includes previous roles with Australian banks and working with Fortune 500 companies on expanding their footprint into China and Asia. She was appointed to the Board on 16 March 2018.

Ken Tong
Non-Executive Director

Ken has a Bachelor of Commerce (Distinction) and Law (First Class Honours) from the University of New South Wales. He currently has a career in management consulting. He was appointed to the board on 1 March 2021.

Brandon Teo
Independent Non-Executive Director

Brandon is the founder of TAF E-Logistics (TAF), a Singapore-based freight and logistics company that was recently been acquired by Wiseway. His career spans 40 years working with well-regarded international companies in the freight industry including Qantas, Northern Airfreight, and Air Express International, where he helped establish their footprint in Southeast Asia. He was appointed to the Board on 18 August 2021.

Astrid Raetze
Independent Non-Executive Director

Astrid is the founder and currently lead of her own legal and consulting practice, ABML Legal. She has over 20 years of experience across the law, banking, and fintech sectors, with experience as a partner at professional services consultancy KPMG, partner and Global Head of FinTech at multinational law firm Baker McKenzie, and as a director at a number of unlisted entities. Astrid was appointed to the Board on 11 April 2022.

Former directors

Michael Hughes
Independent Non-Executive Chairman

Michael has over 30 years' experience across the finance sector including investment management, investor relations and commercial banking. Between 2014 and 2019 he served as commercial director of SeaLink Travel Group. He is currently Non-Executive Director of Mawson Infrastructure Group Inc (Nasdaq: MIGI), and Non-Executive Director of Shekel Brainweigh (ASX:SBW). His previous management positions include Head of the AMP Small Companies Fund and Head of Corporate at Ord Minnett. Michael was appointed Director on 30 April 2019 and as Non-Executive Chairman on 1 November 2019 and resigned from the Board on 2 April 2022.

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1. Directors (continued)

Former directors (continued)

Robert McNutt

*Independent Non-Executive
Director*

Rob has more than 30 years of experience in leadership and senior managerial positions across US corporations, where he oversaw financial and strategic planning functions and worked on US-based and cross-border M&A transactions. His most recent role was Chief Financial Officer at Lamb Weston, a US-based food processing company that is one of the world's largest producers and processors of frozen potato products. He was appointed to the Board on 9 August 2021 and resigned from the Board on 2 April 2022.

Lin Xu

Non-Executive Director

Lin was the sales Director at AZ Global and has more than five years' experience in cross border e-commerce including initiatives that have contributed to the sales performance of several publicly listed companies. Lin was appointed on 1 November 2019 and resigned on 9 August 2021.

Stephen Chan

*Independent Non-Executive
Director*

Stephen was the CEO of SCF Global Group and has over 54 years' experience in the freight forwarding and supply chain industries. Stephen was awarded the Honorary Fellows Award from Supply Chain Asia. Stephen was appointed on 16 March 2018 and resigned on 30 September 2021.

2. Company Secretary

Roger Tong

*Chief Executive Officer
and Group Company
Secretary*

Roger is the Co-Founder and CEO of the Company and has over 23 years of logistics industry experience in Australia and China. He has had broad experience in the cross-border trade across the Asia Pacific, having worked with reputable companies on developing their international express freight services and building their global partnerships. Roger Tong has held the position of Company Secretary from his appointment on 1 March 2021 to the date of this report.

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3. Directors' meetings

The number of Directors' meetings (including meetings of committees of Directors) and number of meetings attended by each of the Directors of the Group during the financial year are:

Names	Board Meetings		Audit and Risk Committee Meetings		Remuneration and Nomination Committee Meetings	
	Attended	Held	Attended	Held	Attended	Held
Current Directors						
Florence Tong	14	14	-	-	-	-
Ken Tong	13	14	-	-	-	-
Brandon Teo	10	11	-	-	-	-
Astrid Raetze	3	3	-	-	-	-
Former directors						
Michael Hughes	10	10	4	4	-	-
Robert McNutt	7	9	4	4	-	-
Stephen Chan	3	4	3	3	-	-
Lin Xu	1	2	-	-	-	-

4. Principal activities

The principal activities of the Group during the financial year were the movement and logistics of goods by freight to cater to the needs of those interstate or overseas. There were no significant changes in the nature of the activities of the Group during the financial year.

5. Operating and financial review

a) Financial results

The Company's revenue and other income for the financial year ended 30 June 2022 (FY22) was \$130.7 million (FY21: \$126.8 million), driven by organic growth across the key segments of perishables, imports, and road transportation. The Company's further investment into a Chicago office and expansion in China also delivered revenue growth of \$1.7 million and \$6.7 million respectively. Results were negatively affected by a reduction in airfreight, driven by external factors outside of management control including expanded COVID-19 lockdown measures in China, the extraordinary rainfall and floods in New South Wales and Queensland and inflationary pressures.

This resulted in an EBITDA loss of \$0.2 million (2021: profit of \$8.1 million), and an after-tax statutory net loss of \$8.1 million (2021: profit of \$1.8 million).

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5. Operating and financial review (continued)

b) Incorporation/acquisition of subsidiaries

During the year, the following wholly owned subsidiaries were incorporated or acquired:

Subsidiary	Country	Date of incorporation/acquisition
Wiseway Cargo Airlines Pty Ltd	Australia	Incorporated 22 December 2021
Wiseway Cargo Airlines (Aruba) N.V.	Aruba	Incorporated 27 June 2022
TAF E-Logistics (Asia) Pte. Ltd.	Singapore	13 August 2021

TAF E-Logistics (Asia) Pte. Ltd. was acquired for total consideration of \$1,152,111 comprised of 400,000 shares and \$1,008,000 cash. The acquisition is not material to the Group.

c) Expanding US operations

During the year, the Company further expanded its operations into the United States of America by opening a new cargo hub in Chicago. This follows the prior financial year's successful establishment of a branch in Los Angeles.

This also further capitalises on the momentum created through the awarding of an Indirect Air Carrier (IAC) certificate to the Company by the U.S. Department of Homeland Security, Transportation Security Administration. This accreditation entitles the Company to deal with airlines directly and on preferential terms – a significant competitive advantage within the market. The USA operations delivered revenue of \$1.7 million in its first year of operation.

d) Expanding into Singapore

In this financial year, the Group also completed the acquisition of TAF E-Logistics (Asia) Pte Ltd ("TAF"). This was its first cross-border acquisition and will deliver valuable supply chain efficiencies and revenue synergies. Singapore is a global shipping and air cargo hub and is an integral shipping destination.

As part of the completion, 400,000 fully paid ordinary shares in the Group have been issued.

e) Floods and lockdowns

The Group was negatively affected by the impact of the New South Wales and Queensland floods in the fourth quarter of FY22, and particularly, the impact of those on the agricultural sector. This has led to a slowdown in the perishables business, which has since started recovering.

Furthermore, the ongoing COVID-19 lockdowns in China has also had a negative effect on airfreight and has led to reduced revenues.

f) Operating updates

Despite the challenges of the year, the Group still succeeded in growing its revenue base and diversifying into other income streams, particularly by focusing on perishables and imports. This journey will continue with the addition of an aircraft to its operations.

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5. Operating and financial review (continued)

g) Outlook

Management believes that business performance will improve in the next 12 months because it expects that continuing lockdowns in China will eventually cease. Further, despite the risk of more extraordinary rainfall and floods, the business has diversified and is now increasing its imports business. Early indications that sales volumes are rising.

Furthermore, management has started implementing several measures to improve productivity and bolster its cash position, including right sizing assets and staff, consolidating contracted services and exploring additional financing opportunities.

In terms of future growth, Wiseway's diversified business model, growing customer base, strategic industry partnerships, and expanding global footprint will enable it to benefit from the growing demand for integrated logistics solutions.

In August of 2022, the company announced it entered into a leasing agreement which will provide it with exclusive use of a class-leading Boeing 737-800 SF. The agreement with leading aircraft leasing company GA Telesis LLC secures 96 months of access to the cargo-freighter and will run until August 2030. This is a significant milestone in the Group's growth and marks another step forward in the current global expansion strategy initiated in 2019.

h) COVID-19 Update

As an essential service provider during the COVID-19 pandemic, Wiseway has continued to operate its import and export services between Australia and Asia, despite the ongoing and continued disruptions to the traditional trade pathways between the two regions, and ongoing lockdowns in our operations in China.

Despite that, Wiseway continues to lead in the trade industry and relations between Australia and the Asia Pacific, by offering its customers a combination of service options and alternative freight routes.

Wiseway continues to prioritise the safety and well-being of its staff in different regions, with carefully developed operational 'COVID-19 safe' procedures put in place. This has ensured a safe operating environment to employees and ensured safe, reliable, and high-quality service to its customers.

6. Dividends

No dividends were paid or declared by the Group during or since the end of the financial reporting period.

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7. Events subsequent to reporting date

Subsequent to year end, the Group entered into a leasing agreement, which will provide it with exclusive use of a Boeing 737-800. The agreement is for 96 months until August 2030.

The agreement is not expected to cost more than \$300,000 per month over the life of the contract and is not expected to start before September 2022.

No matters or circumstances, other than those mentioned above, have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

8. Likely developments

Further information about likely developments in the operations of the Group and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Group.

9. Environmental regulation

The Group's operations are not subject to significant environmental regulations under both Commonwealth and State legislation. However, the Directors believe that the Group has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the Group during the financial year.

10. Directors' interests

The relevant interest of each Director in the shares, debentures, interests in registered schemes and rights or options over such instruments issued by the companies within the Group and other related bodies corporate, as notified by the Directors to the ASX in accordance with S205G (1) of the *Corporations Act 2001*, as at 30 June 2022 and as at the date of this report are as follows:

Director	Number of ordinary shares held as at 20 September 2022	Number of ordinary shares held as at 30 June 2022
Florence Tong	33,852,874	33,852,874
Ken Tong	1,312,706	1,312,706
Brandon Teo	-	-

Key management Personnel

Roger Tong	32,580,623	32,580,623
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Regnans Capital Pty Ltd holds 11,992,971 shares and is 100% owned by JKT Asset Management Pty Ltd as trustee for the JKT Family Trust, of which Roger Tong, Florence Tong and Ken Tong are potential beneficiaries.

11. Share options

1,444,126 Options with a strike price of 45c each were granted during the year.

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11. Share options (continued)

379,062 performance rights with a nil exercise price were granted during the financial reporting period, of which 189,953 were exercised. 124,668 performance rights issued prior to the commencement of the financial reporting period lapsed during the period. There were 1,633,235 options and performance rights outstanding at the date of this report.

12. Indemnification and insurance of officers and auditors

During the financial year, the Group entered into a contract insuring the Directors of the Company and all executive officers of the Group and of any related body corporate against a liability incurred in their capacity as Directors, secretary or executive officer to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability cover and the amount of the premium.

The Group is party to Deeds of indemnity in favour of each of the Directors, referred to in this report who held office during the year and certain officeholders of the Group. The indemnities operate to the full extent permitted by law and are not subject to monetary limit. The Group is not aware of any liability having arisen, and no claims have been made, during or since the end of the financial year under the Deeds of Indemnity. To the extent permitted by law, the Group has not indemnified its auditors, KPMG, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit. No payment has been made to indemnify KPMG during or since the end of the financial year.

13. Non-audit services

During the financial year, KPMG, the Group's auditor, did not perform any other services.

14. Lead auditor's independence declaration

The Lead auditor's independence declaration is set out on page 18 and forms part of the Directors' report for the financial year ended 30 June 2022.

15. Rounding off

The Group is of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* and in accordance with that instrument, amounts in the consolidated financial statements and Directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

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DIRECTORS' REPORT

16. Remuneration report – Audited

The Directors present Wiseway Group Limited's 2022 Remuneration report which sets out information about the remuneration of the Group's non-executive Directors, executive Directors and other key management personnel (KMP). The information provided in this report has been audited as required by section 308 (3C) of the *Corporations Act 2001* and forms part of the Directors' report.

KMP are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including all directors.

The key management personnel of the Group for the financial year consisted of the following Directors and key management personnel of Wiseway Group Limited:

Name of Director	Position	Date Appointed	Date Resigned
Florence Tong	Executive Director	16 March 2018	Current
Ken Tong	Non-Executive Director	1 March 2021	Current
Brandon Teo	Non-Executive Director	18 August 2021	Current
Astrid Raetze	Non-Executive Director	11 April 2022	Current
Michael Hughes	Non-Executive Chairman	30 April 2019	2 April 2022
Rob McNutt	Non-Executive Director	9 August 2021	2 April 2022
Stephen Chan	Non-Executive Director	16 March 2018	30 September 2021
Lin Xu	Non-Executive Director	1 November 2019	9 August 2021

KMP:

Name of KMP	Position	Date Appointed	Date Resigned
Roger Tong	CEO	16 March 2018	Current
	Company Secretary	1 March 2021	Current

Remuneration governance

The Remuneration and Nomination Committee is a committee of the Board. It is primarily responsible for making recommendations to the Board on:

- the overall executive remuneration framework.
- operation of the incentive arrangements which apply to executive Directors and senior executives, including key performance indicators and performance hurdles.
- remuneration levels of executives; and
- non-executive Director fees.

The objective is to ensure that remuneration policies and structures are fair and competitive and aligned with long-term interests of the Group.

The Corporate Governance Statement provides further information on the role of this committee and the committee's charter is set out on the Company's website: <https://www.wiseway.com.au/>.

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DIRECTORS' REPORT

16. Remuneration report – Audited (continued)

Non-executive Director remuneration policy

Under the Constitution, the Board may decide the remuneration from the Group to which each non-executive Director is entitled for their service as a Director. However, under the Constitution and ASX Listing Rules, the total amount of fees paid to all non-executive Directors in any financial year must not exceed the aggregate amount of non-executive Director fees approved by shareholders at the Group's annual general meeting.

This amount has initially been fixed by the Group at \$700,000. In respect of FY22, the fees payable to the current non-executive Directors were \$145,111 in aggregate.

The annual Directors' fees currently agreed to be paid to the chairman is \$100,000 (inclusive of superannuation) and to the other non-executive Directors is \$80,000 (inclusive of superannuation).

Executive remuneration policy

Executive Directors and senior executives receive a base salary, superannuation, and performance incentives. The Remuneration and Nomination Committee reviews executive Director and senior executive packages as required by reference to Group performance, executive Director performance, senior executive performance and, where appropriate, comparable information from industry sectors, other listed companies and independent advice. The performance of senior executives is reviewed as required by the executive Directors and the performance of executive Directors is reviewed as required by the Remuneration and Nomination Committee. Revised remuneration packages generally take effect on cycles in accordance with employment terms.

Short term and long-term incentive payments are reviewed by the Remuneration and Nomination Committee as required as part of the review of executive Director and senior executive remuneration and a recommendation is put to the Board for approval. The Board may exercise discretion in approving performance incentives and can recommend changes to the Remuneration and Nomination Committee recommendations.

Remuneration consultant

From time to time, the Remuneration and Nomination Committee may engage advisors to assist in the continual evolution and development of the Group's remuneration policies and framework. No remuneration consultants have been engaged during the financial year.

Executive remuneration framework

Subject to specific roles and responsibilities, there are three general components of remuneration used to reward permanent employees, including senior executives:

1. Total fixed remuneration;
2. Short term incentives ('STI'); and
3. Long term incentives ('LTI').

The STI and LTI components paid to permanent senior executives are generally determined as a percentage of fixed remuneration package or base salary and are payable in cash, shares, performance rights or options in the Company.

Remuneration structures are implemented to enable the Group to attract and retain key talent and align strategic and business objectives with growth of long-term shareholder value.

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16. Remuneration report – Audited (continued)

Total fixed remuneration

Total fixed remuneration comprises base salary and statutory superannuation. Total fixed remuneration is set with reference to market data and adjustments, reflecting the scope of the role and employee performance. Remuneration is reviewed annually, with reference to various sources of data as appropriate, to ensure market competitiveness. Due to the nature of the business, fixed remuneration of senior executives is not linked to the performance of the Group due to the requirement to retain these employees to develop the Group and meet its current strategic objectives.

Short term incentives

STIs are offered to permanent senior executives, including executive Directors, primarily to align senior executives with the achievement of key targets and individual contribution for sustained and improved business performance; and to reward and recognise superior performance. Metrics, weightings and performance measures are reviewed annually to ensure the business needs are met and the overall STI are consistent with general market practices.

The STI scheme involves establishing the STI value for the financial year and is generally cash settled, subject to company performance metrics and the satisfactorily meeting of key performance indicators on an annual basis at the end of each financial year or in accordance with employment terms.

Long term incentives

Prior to this financial reporting period, the Board approved an incentive plan for the Group to be a key part of the Group's remuneration strategy going forward and to assist in the alignment of interests. The incentive plan is intended to furnish an incentive to Directors, officers, senior executives and other employees of the Group, as well as consultants and service providers providing ongoing services to the Group, and when such eligible participants are granted awards, to continue their services for the Group and to encourage eligible participants whose skills, performance and loyalty to the objectives and interests of the Group are necessary to its success. The incentive plan will permit the granting of performance rights to eligible participants of the Group. The incentive plan will be administered by the Board or by a committee appointed by a resolution of the Board. No additional long term incentives have been approved or issued during the year.

The vesting condition is time based and the grant date was set as 30 April. The time-based approach is used to retain talented employees in the business. Upon vesting, each performance right shall confer the right, upon exercise, to receive one share in the Company. Performance rights will be granted for nil cash consideration. Options were also issued with an exercise price linked to the current market value. Options and performance rights will be forfeited if the individual is no longer part of the business at the time of vesting.

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16. Remuneration report – Audited (continued)

Relationship between remuneration and the Group's performance

The table below details the last four years earnings and total shareholders' return.

\$ '000	2022	2021	2020	2019
Revenue	130,668	126,770	102,590	94,523
EBITDA	(186)	8,146	5,003	127
EBIT	(5,846)	2,984	(38)	(1,594)
Profit / (Loss) after income tax	(8,096)	1,766	(3,450)	(1,993)
Share price at end of financial year	0.10	0.30	0.13	0.20
Basic earnings per share	(5.56)	1.26	(2.47)	(2.40)

Details of remuneration

The remuneration for each Director and key management personnel of the Group during the financial year is noted as follows:

	Short-term employee benefits		Post-employment benefits	Total Cash Payments	Share based payments	Performance related
	Cash salary and fees	Cash Bonus	Super-annuation			
	\$	\$	\$	\$	\$	%
30 June 2022						
Non-executive directors						
Ken Tong	54,545	-	5,455	60,000	-	-
Brandon Teo	60,606	-	6,061	66,667	-	-
Astrid Raetze	16,768	-	1,677	18,445	-	-
Michael Hughes	71,970	-	7,159	79,129	-	-
Rob McNutt	53,723	-	-	53,723	-	-
Stephen Chan	20,000	-	-	20,000	-	-
Lin Xu	-	-	-	-	-	-
Non-executive directors	277,612	-	20,352	297,964	-	-
Executive directors						
Florence Tong	259,615	16,500	23,568	299,683	8,898	8
KMP						
Roger Tong	259,615	16,500	23,568	299,683	-	-
	796,842	33,000	67,488	897,330	8,898	

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16. Remuneration report – Audited (continued)

Details of remuneration (continued)

	Short-term employee benefits		Post-employment benefits	Total Cash Payments	Share based payments	Performance related
	Cash salary and fees	Cash Bonus	Super-annuation			
	\$	\$	\$	\$	\$	%
30 June 2021						
Non-executive directors						
Ken Tong	18,244	-	1,735	19,979	-	-
Brandon Teo	-	-	-	-	-	-
Astrid Raetze	-	-	-	-	-	-
Michael Hughes	91,668	-	8,676	100,344	-	-
Rob McNutt	-	-	-	-	-	-
Stephen Chan	80,000	-	-	80,000	-	-
Lin Xu	-	-	-	-	-	-
Non-executive directors	189,912	-	10,411	200,323		
Executive directors						
Florence Tong	250,000	27,750	23,502	301,252	15,000	9
KMP						
Roger Tong	250,000	27,750	23,502	301,252	15,000	9
	689,912	55,500	57,415	802,827	30,000	

Service agreements of executive Directors and key management personnel

The Group's executive Directors and key management personnel are employed under individual contracts of employment with the Group. The contracts set out the individual's total fixed compensation, including fixed cash remuneration and the Group's superannuation contribution, eligibility to participate in any incentive scheme (e.g. annual bonuses or securities ownership plans) which may be implemented by the Group, notice and termination provisions, and employee entitlements including leave. The Group makes contributions with respect to the senior executives to complying superannuation funds in accordance with relevant superannuation legislation and the individual contracts of employment.

Name	Term of agreement	Total fixed remuneration (per annum)	Notice period	Termination payments
Florence Tong	No fixed term	260,000	6 months	-
Roger Tong	No fixed term	260,000	6 months	-

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16. Remuneration report – Audited (continued)

Equity instruments held by key management personnel and Directors

The following table shows the number of shares that were held during the financial year by Directors and key management personnel of the Group.

2022	Balance on 30 June 2021	Granted as remuneration	Shares issued / purchased	Disposals/resigned as director	Balance on 30 June 2022
Non-executive directors					
Michael Hughes	60,000	-	-	(60,000)	-
Stephen Chan	874,309	-	-	(874,309)	-
Lin Xu	-	-	-	-	-
Brandon Teo	-	-	400,000	-	400,000
Ken Tong	1,131,642	-	181,064	-	1,312,706
Astrid Raetze	-	-	-	-	-
Total non-executive directors	2,065,951	-	581,064	(934,309)	1,712,706
Executive directors					
Florence Tong	28,442,299	-	5,566,432	(155,857)	33,852,874
Total executive directors	28,442,299	-	5,566,432	-	33,852,874
Total directors	30,508,250	-	6,147,496	(1,090,166)	35,465,580
Key management personnel					
Roger Tong	28,467,186	-	4,269,294	(155,857)	32,580,623
Total key management personnel	28,467,186	-	4,269,294	(155,857)	32,580,623

Regnans Capital Pty Ltd holds 11,992,971 shares and is 100% owned by JKT Asset Management Pty Ltd as trustee for the JKT Family Trust, of which Roger Tong, Florence Tong and Ken Tong are potential beneficiaries.

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16. Remuneration report – Audited (continued)

Equity instruments held by key management personnel and Directors (continued)

2021	Balance on 30 June 2020	Granted as remuneration	Shares issued / purchased	Disposals	Balance on June 2021
Non-executive directors					
Michael Hughes	60,000	-	-	-	60,000
Stephen Chan	874,309	-	-	-	874,309
Lin Xu	-	-	-	-	-
Ken Tong	798,309	-	333,333	-	1,131,642
Total non-executive directors	1,732,618	-	333,333	-	2,065,951
Executive directors					
Florence Tong	28,345,202	97,097	-	-	28,442,299
Total executive directors	28,345,202	97,097	-	-	28,442,299
Total directors	30,077,820	97,097	333,333	-	30,508,250
Key management personnel					
Roger Tong	28,370,089	97,097	-	-	28,467,186
Total key management personnel	28,370,089	97,097	-	-	28,467,186

Other transactions with key management personnel or related parties

The Executive Directors, or their related parties, hold positions in other entities that result in them having control or joint control over these entities.

A number of these entities transacted with the Group during the financial year ended 30 June 2022. The terms and conditions of the transactions were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-key management personnel related entities on an arm's length basis.

RTF Investment Management Pty Limited as trustee for RFT Trust, a trust of which Roger Tong and Florence Tong are the beneficiaries, provided leased commercial premises to the Group. During the financial year ended 30 June 2022, the rental amount paid to this related entity by the Group was \$1,789,565 (30 June 2021: \$2,021,896).

The Group has historically provided and/or received short-term loans to or from Roger Tong and Florence Tong. The loans are unsecured, repayable on demand and interest free. As of 30 June 2022 the outstanding balance due to Executive Directors was \$7,871 (30 June 2021: \$25,551).

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17. Corporate Governance statement

The Group maintains the highest standards of corporate governance in accordance with the ASX Corporate Governance Principles and Recommendations (3rd edition). For the financial reporting period ended 30 June 2022, the Group's Corporate Governance Statement together with the ASX Appendix 4G as applicable to the Corporate Governance Statement is available at <https://www.wiseway.com.au/> and a copy of the statement has been lodged with the ASX.

This Directors' report is made in accordance with a resolution of the Directors:



Florence Tong
Executive Director and Chair

Dated at Sydney this 20th day of September 2022



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Wiseway Group Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Wiseway Group Limited for the financial year ended 30 June 2022 there have been:

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

KPMG

KPMG

A handwritten signature in blue ink, appearing to read 'M. Kafer', written over a faint circular stamp.

Malcolm Kafer

Partner

Sydney

20 September 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2022

		12 months ended 30 June 2022 \$'000	12 months ended 30 June 2021 \$'000
	Note		
Revenue	8	130,668	126,770
Direct transport and logistics expenses		(102,781)	(95,173)
Employee benefit expenses	9	(21,053)	(18,415)
Occupancy expenses		(1,647)	(970)
Depreciation expense		(5,660)	(5,162)
Share-based payments expense		(117)	(30)
Administration and other expenses		(5,256)	(4,036)
Operating (loss)/profit		(5,846)	2,984
Finance costs	10	(1,426)	(1,436)
(Loss)/profit before tax		(7,272)	1,548
Income tax (expense)/benefit	11	(824)	218
(Loss)/profit for the year		(8,096)	1,766
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss			
Foreign operations - foreign currency translation differences		26	(28)
Other comprehensive income/(loss) for the year		26	(28)
Total comprehensive (loss)/profit for the year		(8,070)	1,738
(Loss)/profit attributable to:			
Owners of the Company		(8,088)	1,774
Non-controlling interests		(8)	(8)
		(8,096)	1,766
Total comprehensive (loss)/profit attributable to:			
Owners of the Company		(8,062)	1,746
Non-controlling interests		(8)	(8)
		(8,070)	1,738
Basic (loss)/earnings per share (cents)	12	(5.56)	1.26
Diluted (loss)/earnings per share (cents)	12	(5.56)	1.26

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

WISEWAY GROUP LIMITED

ABN 26 624 909 682

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	Note	30 June 2022 \$'000	30 June 2021 \$'000
Assets			
Current assets			
Cash and cash equivalents	13	6,933	9,934
Trade and other receivables	14	9,507	6,744
Inventories	15	227	120
Other assets	16	3,677	4,235
Financial assets	17	740	-
Total current assets		21,084	21,033
Non-current assets			
Other assets	16	3,196	-
Financial assets	17	451	451
Property, plant and equipment	18	36,900	40,847
Deferred tax assets	11	-	1,258
Total non-current assets		40,547	42,556
Total assets		61,631	63,589
Liabilities			
Current liabilities			
Trade and other payables	19	7,659	7,433
Loans and borrowings	20	4,845	9,170
Employee benefits	21	1,667	1,285
Provisions	22	677	127
Current tax liabilities	11	226	660
Total current liabilities		15,074	18,675
Non-current liabilities			
Loans and borrowings	20	24,889	19,217
Employee benefits	21	188	211
Total non-current liabilities		25,077	19,428
Total liabilities		40,151	38,103
Net assets		21,480	25,486
Equity			
Share capital	23	30,044	26,027
Reserves	23	1,565	1,492
Accumulated losses		(10,099)	(2,011)
Equity attributable to owners of the Company		21,510	25,508
Non-controlling interests	28	(30)	(22)
Total equity		21,480	25,486

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

WISEWAY GROUP LIMITED

ABN 26 624 909 682

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2022

Note	Share capital \$'000	Share-based payments reserve \$'000	Foreign Currency Translation Reserve \$'000	Retained earnings / (accumulated losses) \$'000	Total \$'000	Non-controlling interests \$'000	Total equity \$'000
Balance on 30 June 2021	26,027	1,488	4	(2,011)	25,508	(22)	25,486
Comprehensive income/(loss)							
Loss for the year	-	-	-	(8,088)	(8,088)	(8)	(8,096)
Other comprehensive income for the year	-	-	26	-	26	-	26
Total comprehensive income/(loss) for the year	-	-	26	(8,088)	(8,062)	(8)	(8,070)
Transactions with owners, in capacity as owners							
Consideration paid in shares for the acquisition of TAF-E Logistics (Asia) Pty Ltd	144	-	-	-	144	-	144
Ordinary shares issued - rights issue	3,923	-	-	-	3,923	-	3,923
Share transaction costs	(120)	-	-	-	(120)	-	(120)
Share capital contributed via employee share scheme/bonuses	70	-	-	-	70	-	70
Share-based payments	-	47	-	-	47	-	47
Total transactions with the owners	4,017	47	-	-	4,064	-	4,064
Balance on 30 June 2022	30,044	1,535	30	(10,099)	21,510	(30)	21,480

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

WISEWAY GROUP LIMITED

ABN 26 624 909 682

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2022

	Note	Share capital \$'000	Share-based payments reserve \$'000	Foreign Currency Translation Reserve \$'000	Retained earnings / (accumulated losses) \$'000	Total \$'000	Non- controlling interests \$'000	Total equity \$'000
Balance on 30 June 2020		26,027	1,458	32	(3,755)	23,762	(14)	23,748
Comprehensive income								
Profit for the year		-	-	-	1,774	1,774	(8)	1,766
Other comprehensive income for the year		-	-	(28)	-	(28)	-	(28)
Total comprehensive income for the period		-	-	(28)	1,774	1,746	(8)	1,738
Transactions with owners, in capacity as owners								
Share-based payments		-	30	-	(30)	-	-	-
Total transactions with the owners		-	30	-	(30)	-	-	-
Balance on 30 June 2021		26,027	1,488	4	(2,011)	25,508	(22)	25,486

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2022

		12 months ended 30 June 2022 \$'000	12 months ended 30 June 2021 \$'000
Cash flows from operating activities			
Cash receipts from customers		127,894	128,025
Cash paid to suppliers and employees		(132,038)	(120,060)
Cash (utilised in)/generated from operating activities		(4,144)	7,965
Interest received		11	10
Interest paid		(1,426)	(1,436)
Income taxes received/(paid)		-	475
Net cash (utilised in)/generated from operating activities	32	(5,559)	7,014
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		-	-
Acquisition of subsidiaries, net of cash acquired		(46)	-
Acquisition of property, plant and equipment		(315)	(625)
(Acquisition)/disposal of other investments		(740)	(113)
Net cash used in investing activities		(1,101)	(738)
Cash flows from financing activities			
Proceeds from issue of share capital		3,803	-
Proceeds from loans and borrowings		9,818	4,707
Repayment of loans and borrowings		(5,000)	(5,018)
Payment of lease liabilities		(4,976)	(4,610)
Net cash from/(used in) financing activities		3,645	(4,921)
Net (decrease)/increase in cash and cash equivalents		(3,015)	1,355
Cash and cash equivalents at beginning of the period		9,934	8,607
Effects of movements in exchange rates on cash held		14	(28)
Cash and cash equivalents at end of the period	13	6,933	9,934

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

1. Corporate information

Wiseway Group Limited (the 'Company') is domiciled in Australia.

The Company's registered office is at 39-43 Warren Avenue, Bankstown, NSW 2200. These consolidated financial statements comprise the Company and its subsidiaries (together referred to as the 'Group').

The Group is a for-profit entity and is primarily involved in the movement and logistics of goods by freight to cater to the needs of those interstate or overseas.

2. Basis of accounting

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with *Australian Accounting Standards* ('AASBs') adopted by the Australian Accounting Standards Board ('AASB') and the *Corporations Act 2001*. The consolidated financial statements comply with the International Financial Reporting Standards ('IFRS') adopted by the International Accounting Standards Board (IASB). They were authorised for issue by the Board of Directors on 20 September 2022.

Details of the Group's accounting policies are included in Note 5.

Going concern basis of accounting

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

The trading loss and the net cash outflow from operating activities for the financial year arose in the last four months of the year and were driven by factors outside of management's control. These factors included expanded COVID-19 lockdown measures in China, and the extraordinary rainfall and floods in New South Wales and Queensland, both of which caused lower freight volumes, and inflationary pressures.

Management believes that business performance will improve in the next 12 months and considers the going basis of accounting as appropriate because it expects that continuing lockdowns in China will eventually cease. Further, despite the risk of more extraordinary rainfall and floods, the business has diversified and is now increasing its imports business. Indications are that sales volumes are rising. Further, management has prepared a detailed cash flow forecast for the next 12 months which indicates that the Group has the ability to meet its debts as and when they fall due.

Even though the forecast based on normal trading activities indicates that the going concern basis of accounting remains appropriate, management has nevertheless started implementing several measures to further support that conclusion, including right sizing of specific staff and assets, consolidation of contracted services and exploring additional financing opportunities.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

3. Functional and presentation currency and rounding

These consolidated financial statements are presented in Australian dollars which is the Company's and the Group's functional currency.

The Group is of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* and in accordance with that instrument, amounts in the consolidated financial statements and Directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

4. Use of judgements and estimates

In preparing these consolidated financial statements, management has made judgements and estimates that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

a) Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

- Note 14 – recoverability of trade debtors and other receivables
- Note 20 – lease classification.

b) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties on 30 June 2022 that have significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

- Note 11 c) – derecognition of deferred tax assets: availability of future taxable profit against which deductible temporary differences and tax losses can be utilised; and
- Note 18 – measurement of impairment loss provision for right of use asset: key assumptions in determining the weighted average cost of capital
- Note 25 c) – measurement of expected credit losses allowances for trade receivables and contract assets: key assumptions in determining the weighted-average loss rate.

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- *Level 1*: quoted prices (unadjusted) in active markets for identical assets or liabilities
- *Level 2*: inputs other than quoted prices included in Level 1 that are observable for the asset or liability; either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- *Level 3*: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

4. Use of judgements and estimates (continued)**b) Assumptions and estimation uncertainties (continued)*****Measurement of fair values (continued)***

If the inputs used to measure the fair value of an asset or liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 24 – share-based payment arrangements.

5. Significant accounting policies

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements, except if mentioned otherwise.

a) Basis of consolidation***i) Business combinations***

The Group accounts for business combinations using the acquisition method when control is transferred to the Group (see a) iii)). The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured, and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

ii) Common control transaction

A business combination involving entities or businesses under common control is a business combination in which all the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. Such common control transactions fall outside of the scope of AASB 3 *Business Combinations*. The Group accounts for common control transactions using the predecessor value method of accounting. Assets and liabilities of the entity acquired are recorded at their existing carrying values and no fair value adjustments are made upon acquisition. No new goodwill is recognised on the transaction and any differences between the acquirer's costs of investment in the acquiree and the acquiree's equity is disclosed in equity. The consolidated profit or loss results of the combining entities generally include the full year results, irrespective of when the common control transaction took place.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

5. Significant accounting policies (continued)**a) Basis of consolidation (continued)*****iii) Subsidiaries***

Subsidiaries are entities controlled by the Group. The Group 'controls' an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

iv) Non-controlling interests

Non-controlling interests are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

v) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee.

Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

b) Foreign currency***i) Foreign currency transactions***

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss.

ii) Foreign operations

The assets and liabilities of foreign operations are translated into the functional currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the functional currency at the monthly average exchange rates in the months that the transactions took place.

Foreign currency differences are recognised in other comprehensive income and accumulated in the translation reserve, except to the extent that the translation difference is allocated to non-controlling interests.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

5. Significant accounting policies (continued)**c) Revenue**

AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. Under AASB 15, revenue is recognised when (or as) the entity satisfies a performance obligation by transferring the promised good or service to a customer.

The Group's main source of revenue is from freight forwarding services, which may include general cargo, time sensitive perishables cargo and domestic transport services. This predominantly leads to one performance obligation. Revenue is generally recognised once the service, i.e. the logistics of goods by freight, has been provided.

Information about the Group's accounting policies relating to contracts with customers is provided in Note 8.

d) Employee benefits

A provision is made for the Group's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits are measured at the nominal amounts expected to be paid when the liability is settled, plus any related on-costs. Both annual leave and long service leave are recognised within the employee benefits liability.

i) Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits and annual leave and long service leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

ii) Share-based payment arrangements

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

iii) Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognised in profit or loss in the period in which they arise.

iv) Termination benefits

Termination benefits are expensed when the Group can no longer withdraw the offer of those benefits. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

5. Significant accounting policies (continued)**e) Finance income and costs**

Interest income or expense is recognised using the effective interest rate method. Dividend income is recognised in profit or loss on the date on which the Group's right to receive payment is established.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest reverts to the gross basis.

f) Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Wiseway Group Limited (the 'head entity') and its wholly owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group. In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group. Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

i) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the period and any adjustment to tax payable or receivable in respect of previous periods. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Current tax assets and liabilities are offset only if certain criteria are met.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

5. Significant accounting policies (continued)**f) Income tax (continued)***ii) Deferred tax*

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset only if certain criteria are met.

g) Inventories

Inventories are measured at the lower of cost and net realisable value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

5. Significant accounting policies (continued)**h) Property, plant and equipment*****i) Recognition and measurement***

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain and loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

ii) Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

iii) Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives and is generally recognised in profit or loss. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives of property, plant and equipment for are as follows:

Class of fixed asset	Useful life
Motor vehicles	3-15 years
Plant and equipment	5-10 years
Right of use assets	Life of lease
Leasehold improvements	10 years
Buildings	20 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

5. Significant accounting policies (continued)**i) Financial instruments*****i) Recognition and initial measurement***

Financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the Group commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted).

A financial asset or financial liability is initially measured at fair value plus transactions costs, except where the instrument is classified as 'at fair value through profit or loss' ('FVTPL') in which case transactions costs are recognised as expensed immediately in profit or loss. A trade receivable without a significant financing component is initially measured at the transaction price.

ii) Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVPTL.

Financial assets are not classified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method or cost. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

The effective interest rate ('EIR') method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

5. Significant accounting policies (continued)**i) Financial instruments (continued)****iii) *Derecognition of financial instruments***

The Group derecognises a financial asset when:

- a) the contractual rights to the cash flows from the financial asset expire; or
- b) it transfers the rights to receive the contractual cash flows in a transaction in which either:
 - substantially all of the risks and rewards of ownership of the financial asset are transferred; or the group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Group also derecognises a financial liability, when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

iv) *Cash and cash equivalents*

Cash and cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. In the statement of cash flows, cash and cash equivalents includes bank overdrafts (if any) that are repayable on demand and form an integral part of the Group's cash management.

v) *Loans and receivables*

These assets are initially recognised at fair value. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method, less any provision for impairment. Other receivables are recognised at amortised cost, less any provision for impairment.

j) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with AASB 112 (see Note 5 f)).

k) Impairment**i) *Non-derivative financial assets***

At each reporting period, the Group assesses whether financial assets are credit impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. The Group considers evidence of impairment for these assets measured at both a specific asset and collective level. All individually significant assets are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

6. Significant accounting policies (continued)**k) Impairment (continued)*****i) Non-derivative financial assets (continued)***

In assessing collective impairment, the Group recognises loss allowances under the ECL model, equal to either the lifetime or 12 months expected credit losses. Lifetime expected credit losses are those which result from all possible default events over the expected life of a financial instrument. 12-month expected credit losses are the portion which result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). Expected credit losses are discounted at the effective interest rate of the financial asset.

In its assessment, the Group may use historical information on the timing of recoveries and the amount of loss incurred and make adjustments if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

ii) Non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating units ('CGUs'). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amount of assets in the CGU on a pro rata basis.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. An impairment loss in respect of goodwill is not reversed.

l) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably and if it is probable that an outflow of economic benefits will be required to settle the obligation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

5. Significant accounting policies (continued)

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

m) Leases***i) As a lessee***

The Group leases many assets, including properties, office equipment and motor vehicles.

Under AASB 16, the Group recognises right-of-use assets and lease liabilities for most leases – i.e. these leases are on-balance sheet.

However, the Group has elected not to recognise right-of-use assets and lease liabilities for some leases of low-value assets (e.g. Office equipment). The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by the lease payment made. It is remeasured when there is a change in the future lease payments arising from a change in the index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Group has applied judgement to determine whether the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

ii) Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. At inception or on reassessment of an arrangement that contains a lease, the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Group's incremental borrowing rate.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses and adjusted for certain remeasurements of the lease liability.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

5. Significant accounting policies (continued)**m) Leases (continued)****ii) *Determining whether an arrangement contains a lease (continued)***

The lease liability is initially measured at the present value of the lease payments that are not paid at commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by the lease payment made. It is remeasured when there is a change in the future lease payments arising from a change in the index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Group has applied judgement to determine whether the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

iii) *Leased assets*

Leases of property, plant and equipment that transfer to the Group substantially all the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases are classified as operating leases and are not recognised in the Group's statement of financial position.

iv) *Lease payments*

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

n) Operating profit

Operating profit is the result generated from the continuing principal revenue-producing activities of the Group as well as other income and expenses related to operating activities. Operating profit excludes finance costs and income taxes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

5. Significant accounting policies (continued)

o) Goods and services tax ('GST')

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office ('ATO').

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST component of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

p) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. The Group has one operating segment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

6. Standards issued but not yet effective

A number of new standards are effective for annual periods beginning after 1 July 2022.

The following amended standards and interpretations does not have a significant impact on the Group's consolidated financial statements.

- *Classification of Liabilities as Current or Non-current (amendments to IAS 1)*
- *Insurance contracts (Amendments to AASB 17)*
- *Disclosure of accounting policies and definition of accounting estimates (Amendments to AASB 9)*
- *Deferred Tax Related to Assets and Liabilities arising from a single transaction (Amendments to AASB 112)*
- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to AASB3)*

7. Operating segments

The Group manages its operations as a single business operation and there are no parts of the Group that qualify as operating segments under AASB 8 *Operating Segments*. The Managing Director and Chief Executive Officer (Chief Operating Decision Maker or 'CODM') assesses the financial performance of the Group on an integrated basis only and accordingly, the Group is managed on the basis of a single segment, being the provision of freight forwarding services. Information presented to the CODM on a monthly basis is categorised by type of expenditure.

8. Revenue**a) Revenue streams**

The Group generates revenue primarily from the provision of freight forwarding services to its customers (see Note 5 c)). Other sources of revenue include interest income from term deposits, fuel tax credits and rent received from subleases.

	12 months ended 30 June 2022 \$'000	12 months ended 30 June 2021 \$'000
Revenue from contracts with customers	130,130	125,977
Other revenue		
Interest income	11	10
Other income	527	783
	<hr/> 538	<hr/> 793
Total revenue	<hr/> 130,668	<hr/> 126,770

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

8. Revenue (continued)**b) Disaggregation of revenue from contracts with customers**

In the following table, revenue from contracts with customers is disaggregated by business division.

	12 months ended 30 June 2022	12 months ended 30 June 2021
	\$'000	\$'000
Air freight - general cargo	74,628	86,690
Air freight - perishables	29,305	19,497
Sea freight	6,142	5,250
Road freight	6,289	4,274
Imports	13,766	10,266
	130,130	125,977

c) Performance obligations and revenue recognition policies

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over a good or service to a customer.

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

Type of product/service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition under AASB 15
Provision of freight forwarding and import services	The performance obligations are completed when customers obtain control of their goods once the freight forwarding and import services have been rendered, being the point at which customs processes have been cleared and the customer's goods are delivered to the designated location, being the origin port or terminal for freight forwarding services, the destination port or terminal for import services or delivery to customer's location for road freight services. Invoices are generated when services have been provided.	Revenue from providing freight forwarding and import services is recognised at a point in time in relation to the services provided. It usually takes the Group less than one day to deliver the customer's goods to the designated location.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

9. Employee benefit expenses

See accounting policy in Note 5 d).

	12 months ended 30 June 2022	12 months ended 30 June 2021
	\$'000	\$'000
Salaries and wages	11,592	8,786
Contractor costs	7,123	7,737
Contributions to superannuation funds	902	716
Increase in employee benefits	353	326
Other employee expenses	1,083	850
	21,053	18,415

10. Finance costs

See accounting policy in Note 5 e).

	12 months ended 30 June 2022	12 months ended 30 June 2021
	\$'000	\$'000
Financial liabilities measured at amortised cost - interest expense	377	528
Lease liabilities - interest expense	1,049	908
	1,426	1,436

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

11. Income taxes

See accounting policy in Note 5 f).

a) Amounts recognised in profit or loss

	12 months ended 30 June 2022 \$'000	12 months ended 30 June 2021 \$'000
Current year	3	661
Tax payable in foreign operation	54	-
Changes in estimates to prior year	(491)	379
	(434)	1,040
Deferred tax expense		
Deferred tax expense/(benefit)	1,258	(1,258)
Income tax expense/(benefit)	824	(218)

b) Reconciliation of effective tax rate

	12 months ended 30 June 2022 \$'000	12 months ended 30 June 2021 \$'000
(Loss)/profit before tax	(7,272)	1,548
Tax using the Group's domestic Australian tax rate of 30%	(2,182)	464
Tax effect of:		
- Non-deductible expenses	58	81
- Current year tax loss from Australian operations not recognised as tax benefit	1,087	-
- Current year tax loss from foreign operations not recognised as tax benefit	1,069	-
- Changes in estimates to prior years	(491)	379
- Derecognition of deferred tax assets	1,258	
- Differential tax rates in foreign subsidiaries	25	-
- Recognition of previously unrecognised deductible temporary differences	-	(1,142)
	824	(218)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

11. Income taxes (continued)**c) Deferred tax balances**

	30 June 2022	30 June 2021
	\$'000	\$'000
Share issue costs	-	389
Trade and other receivables	-	233
Property, plant and equipment	-	107
Employee benefits	-	274
Other payables	-	255
Deferred tax assets	-	1,258

The Group has not recognised deferred tax assets to the value of \$1,784,000 (FY21: nil) which will be available for use in future tax years, as currently it is not considered probable that sufficient taxable profit will be generated in the foreseeable future against which the group can use the benefits. These temporary differences do not expire under current tax legislation.

12. Earnings per share**a) Basic earnings per share**

The calculation of basic earnings per share has been based on the following profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding.

	30 June 2022	30 June 2021
	\$'000	\$'000
(Loss) / profit attributable to ordinary shareholders (basic)	(8,088)	1,774
Weighted-average number of ordinary shares at year end (basic)	145,436	141,134

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

12. Earnings per share (continued)**b) Diluted earnings per share**

The calculation of diluted earnings per share has been based on the following profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares.

	30 June 2022	30 June 2021
	\$'000	\$'000
(Loss) / profit attributable to ordinary shareholders (diluted)	<u>(8,088)</u>	<u>1,774</u>
Weighted-average number of ordinary shares at year end (diluted)	<u>145,488</u>	<u>141,134</u>

13. Cash and cash equivalents

See accounting policy in Note 5 i) iv).

	30 June 2022	30 June 2021
	\$'000	\$'000
Bank balances	<u>6,933</u>	<u>9,934</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

14. Trade and other receivables

See accounting policies in Notes 5 i) i)-ii) and k) i).

	30 June 2022	30 June 2021
	\$'000	\$'000
Trade receivables	9,431	6,658
Less: Provision for doubtful debts	(1,250)	(787)
Net trade receivables	8,181	5,871
Net GST receivables	556	533
Loan from related party	155	-
Other receivables	615	340
	9,507	6,744

Information about the Group's exposure to credit and market risks, and impairment losses for trade receivables is included in Note 25.

15. Inventories

See accounting policy in Note 5 g).

	30 June 2022	30 June 2021
	\$'000	\$'000
Pallets and consumables	48	54
Fuel	179	66
	227	120

16. Other assets

See accounting policies in Notes 5 i) i)-ii) and k) i).

	30 June 2022	30 June 2021
	\$'000	\$'000
Current assets		
Deposits	3,246	3,294
Prepayments	431	941
	3,677	4,235
Non-current assets		
Deposits	3,196	-

The deposits relate to amounts paid to airlines for rights to cargo space and bonds paid for warehouse leases.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

17. Financial assets

See accounting policies in Notes 5 i) i)-ii) and k) i).

	30 June 2022 \$'000	30 June 2021 \$'000
Current assets		
Term deposits	740	-
Non-current assets		
Term deposits for bank guarantees	451	451

The term deposits relate to bank guarantees as security for leased premises or cash held in interest earning accounts.

18. Property, plant and equipment

See accounting policies in Notes 5 h), k) ii) and m) ii).

a) Reconciliation of carrying amount

	Land and buildings \$'000	Right-of-use assets \$'000	Leasehold improvements \$'000	Plant and equipment \$'000	Motor vehicles \$'000	Total \$'000
Cost	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance on 30 June 2021	11,327	20,121	6,907	3,894	13,800	56,049
Additions		1,280	56	259	193	1,788
Effect of foreign exchange differences		(106)		(2)	(1)	(109)
Addition through business combination				18		18
Disposals				(2)	(54)	(56)
Balance on 30 June 2022	11,327	21,295	6,963	4,167	13,938	57,690

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

18. Property, plant and equipment (continued)**a) Reconciliation of carrying amount (continued)**

Accumulated depreciation and impairment losses	Land and buildings	Right-of-use assets	Leasehold improvements	Plant and equipment	Motor vehicles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance on 30 June 2021						
Effect of foreign exchange differences	-	18	-	-	-	18
Depreciation	(566)	(2,302)	(686)	(567)	(1,539)	(5,660)
Disposals	-	-	-	-	54	54
Balance on 30 June 2022	(1,846)	(6,254)	(2,527)	(1,713)	(8,450)	(20,790)
Carrying amounts on 30 June 2022	9,481	15,041	4,436	2,454	5,488	36,900
	Land and buildings	Right-of-use assets	Leasehold improvements	Plant and equipment	Motor vehicles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cost						
Balance on 30 June 2020	11,327	19,873	6,415	3,706	11,998	53,319
Additions	-	-	492	188	1,802	2,482
Addition of right-of-use assets	-	343	-	-	-	343
Disposals	-	(95)	-	-	-	(95)
Balance on 30 June 2021	11,327	20,121	6,907	3,894	13,800	56,049

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

18. Property, plant and equipment (continued)**a) Reconciliation of carrying amount (continued)**

Accumulated depreciation and impairment losses	Land and buildings	Right-of-use assets	Leasehold improvements	Plant and equipment	Motor vehicles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance on 30 June 2020	(714)	(2,068)	(1,140)	(729)	(5,484)	(10,135)
Depreciation	(566)	(1,997)	(701)	(417)	(1,481)	(5,162)
Disposals		95	-	-	-	95
Balance on 30 June 2021	(1,280)	(3,970)	(1,841)	(1,146)	(6,965)	(15,202)
Carrying amounts on 30 June 2021	10,047	16,151	5,066	2,748	6,835	40,847

b) Leased plant and equipment

The Group leases motor vehicles under a number of finance leases.

On 30 June 2022, the net carrying amount of leased motor vehicles was \$5,488,000 (30 June 2021: \$6,835,000).

During the year ended 30 June 2022, the Group acquired motor vehicles with a carrying amount of \$127,808 under finance leases (2021: \$1,802,000).

19. Trade and other payables

See accounting policies in Notes 5 i) i)-ii).

	30 June 2022	30 June 2021
	\$'000	\$'000
Trade payables	3,669	4,024
Other payables	3,990	3,409
	7,659	7,433

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

20.Loans and borrowings

See accounting policies in Notes 5 i) i)-ii) and m).

	30 June 2022	30 June 2021
	\$'000	\$'000
Current liabilities		
Finance lease liabilities	1,934	1,084
Lease liabilities	2,085	3,061
Loans from related parties	-	25
Secured bank loans and other loans	826	5,000
	4,845	9,170
Non-current liabilities		
Finance lease liabilities	2,065	5,230
Secured bank loans	8,592	
Lease liabilities	14,232	13,987
	24,889	19,217

The Group has a secured loan facility of AUD \$9,030,000 of which AUD \$8,992,000 was utilised on 30 June 2022 (30 June 2021: \$5,000,000). The secured bank loan facility is secured over the assets of Wiseway Group Limited and Wiseway Logistics Pty Ltd.

The bank loan expires in 2025 and carries interest of BBSY + 1.45% of drawn funds, in addition to a facility fee of 1%.

There are no covenants on the loan.

Information about the Group's exposure to interest rate and liquidity risks is included in Note 25.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

20.Loans and borrowings (continued)**a) Finance lease and lease liabilities**

Finance lease and lease liabilities are payable as follows:

	Future minimum lease payments 30 June 2022	Interest 30 June 2022	Present value of minimum lease payments 30 June 2022
	\$'000	\$'000	\$'000
Less than one year	4,951	(932)	4,019
Between one and five years	12,665	(2,087)	10,578
More than five years	6,351	(632)	5,719
	23,967	(3,651)	20,316

	Future minimum lease payments 30 June 2021	Interest 30 June 2021	Present value of minimum lease payments 30 June 2021
	\$'000	\$'000	\$'000
Less than one year	5,230	(1,075)	4,155
Between one and five years	16,511	(2,909)	13,602
More than five years	6,226	(621)	5,605
	27,967	(4,605)	23,362

21.Employee benefits

See accounting policies in Note 5 d).

	12 months ended 30 June 2022	12 months ended 30 June 2021
	\$'000	\$'000
Current		
Liability for annual leave	1,154	778
Other employee benefit liabilities	513	507
	1,667	1,285
Non- Current		
Liability for long-service leave	188	211
	188	211

For details on the related employee benefit expenses, see Note 9.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

22.Provisions

See accounting policy in Note 5 I).

	12 months ended 30 June 2022 \$'000	12 months ended 30 June 2021 \$'000
Provision for make good expenses	127	127
Provisions for customer disputes	550	-
	677	127

Provisions for customer disputes represent the Group's best estimate of amounts payable relating to a number of claims made against the Group using all currently available information. The amounts ultimately payable may be greater or lesser than the amounts provided for.

23.Capital and reserves

See accounting policies in Notes 5 b), i) ii), d) ii) and j).

a) Share capital

Date	Details	Shares	Issue price	\$'000
30 June 2021	Opening Balance	143,818,769	-	26,027
6 August 2021	Consideration paid in shares for the acquisition of TAF-E Logistics (Asia) Pty Ltd	400,000	0.36	144
1 April 2022	Ordinary shares issued - employees	-	-	70
10 June 2022	Ordinary shares issued - rights issue	23,075,103	0.17	3,923
10 June 2022	Share transaction costs	-	-	(120)
30 June 2022	Closing balance	167,293,872	-	30,044

Date	Details	Shares	Issue price	\$'000
30 June 2020	Opening Balance	140,318,769	-	26,027
7 April 2021	Ordinary shares issued - employees	3,500,000	-	-
30 June 2021	Closing balance	143,818,769	-	26,027

Holders of these ordinary 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

23.Capital and reserves (continued)**b) Nature and purpose of reserves***i) Translation reserve*

The translation reserve of \$30,000 (30 June 2021: \$4,000) comprises of all foreign currency differences arising from the translation of the financial statements of foreign operations.

ii) Share-based payments reserve

The share-based payments reserve of \$1,535,000 (30 June 2021: \$1,488,000) comprises of all share-based payment arrangements granted to employees that has been recognised as an expense, with a corresponding increase in the reserve, over the vesting period of the awards.

c) Dividends

There were no dividends declared or paid by the Company during the period.

Dividend franking account	30 June 2022	30 June 2021
Amount of franking credits available to shareholders of Wiseway Group Limited for subsequent financial years	1,268,427	1,268,427

d) Capital management

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital, as well as the level of dividends to ordinary shareholders.

24.Share-based payment arrangements**a) Performance rights and options issued to employees**

The Group has established a long-term incentive plan ('LTIP') to encourage high performance of its senior management personnel in order to promote the long-term success of the Group. The LTIP is an equity-based plan which is delivered in the form of performance rights and options. These performance rights and options have a two-year vesting period and will only vest if the participants remain employees of any member entity of the Group as at the relevant vesting date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

24.Share-based payment arrangements (continued)**a) Performance rights and options issued to employees (continued)**

The following tables shows the movement of the number of performance rights and options that were held during the years ended 30 June 2022 and 2021 by employees of the Group.

30 June 2022	Opening balance at 30 June 2021	Rights and options issued to employees	Rights and options vested / lapsed	Closing balance on 30 June 2022
Key management	-	512,031	-	512,031
Other employees	124,668	1,120,204	(124,668)	1,120,204
	124,668	1,632,235	(124,668)	1,632,235

30 June 2021	Opening balance at 30 June 2020	Rights issued to employees	Rights vested / lapsed	Closing balance at 30 June 2021
Key management	-	-	-	-
Other employees	249,334	-	(124,666)	124,668
	249,334	-	(124,666)	124,668

Number of performance rights and options issued to all other employees: 1,120,204.

Number of performance rights and options issued to key management personnel: 512,301

Grant date: 1 April 2022

Vesting Date	Percentage Vested	Probability for vesting	Exercise Price	Share price on 1 April 2022	Fair Value
	%	%	\$	\$	\$
1 April 2024	13%	100%	-	0.21	68,079
1 April 2024	13%	100%	0.45	0.21	158,853

A summary of the share-based payments expense recognised in the statement of profit or loss and other comprehensive income is provided below.

	12 months ended 30 June 2022	12 months ended 30 June 2021
	\$'000	\$'000
Shares issued in return for provision of services	108	30
Fair value of performance rights issue to employees and key management personnel	9	-
	117	30

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25. Financial risk management**a) Accounting classifications**

The following tables shows the carrying amounts of financial assets and financial liabilities.

	Financial assets at amortised cost \$'000	Other financial liabilities \$'000	Total \$'000
30 June 2022			
Financial assets			
Cash and cash equivalents	6,933	-	6,933
Trade and other receivables	9,507	-	9,507
Financial assets	1,191	-	1,191
Total financial assets	17,631	-	17,631
Financial liabilities			
Trade and other payables	-	(7,659)	(7,659)
Loans and borrowings	-	(29,734)	(29,734)
Total financial liabilities	-	(37,393)	(37,393)

	Financial assets at amortised cost \$'000	Other financial liabilities \$'000	Total \$'000
30 June 2021			
Financial assets			
Cash and cash equivalents	9,934	-	9,934
Trade and other receivables	6,744	-	6,744
Financial assets	451	-	451
Total financial assets	17,129	-	17,129
Financial liabilities			
Trade and other payables	-	(7,433)	(7,433)
Loans and borrowings	-	(28,387)	(28,387)
Total financial liabilities	-	(35,820)	(35,820)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

25. Financial risk management (continued)**b) Risk management framework**

The Group has exposure to the following risks arising from financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Company's Board of Directors (the Board') has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has established the Audit and Risk Committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the Board on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

c) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers.

The carrying amounts of financial assets represent the maximum credit exposure.

The Group has no significant concentration of credit risk other than in respect to the Group's top ten customers that makes up approximately 38% of the trade receivables balance.

The Group has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. Credit limits are established for each customer and reviewed regularly. The Group limits its exposure to credit risk from trade receivables by establishing payments terms which generally range from 7 to 21 days from date of invoice, with a maximum payment period of 60 days from date of invoice for individual and corporate customers respectively.

The Group uses an allowance matrix to measure ECLs of trade receivables from customers. Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Loss rates are based on the Group's view of economic conditions over the expected lives of the receivables.

The following table provides information about the exposure to credit risk and ECLs for trade receivables from customers as at 30 June 2022.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

25. Financial risk management (continued)**c) Credit risk (continued)**

	Weighted- average loss rate %	Gross carrying amount \$'000	Loss allowance \$'000	Credit- impaired
30 June 2022				
Current (not past due)	0%	4,655	-	No
1-30 days past due	0%	2,264	-	No
31-60 days past due	5%	647	(32)	Partially
61-90 days past due	10%	323	(32)	Partially
90-120 days past due	20%	438	(180)	Partially
120-150 days past due	30%	140	(42)	Partially
More than 150 days past due	100%	964	(964)	Yes
		9,431	(1,250)	

	Weighted- average loss rate %	Gross carrying amount \$'000	Loss allowance \$'000	Credit- impaired
30 June 2021				
Current (not past due)	0%	5,311	-	No
1-30 days past due	0%	415	-	No
31-60 days past due	5%	118	(6)	Partially
61-90 days past due	10%	66	(7)	Partially
90-120 days past due	20%	13	(3)	Partially
120-150 days past due	30%	-	-	-
More than 150 days past due	100%	762	(761)	Yes
		6,658	(787)	

The loss allowances above include specific provisions for receivables identified as unlikely to be collected.

d) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group has a secured loan facility of \$9,030,000 of which \$8,992,000 was utilised at 30 June 2022 (30 June 2021: \$5,000,000). The secured loan facility is secured over the assets of Wiseway Group Limited and Wiseway Logistics Pty Ltd. The loan is repayable within three years.

The loan carries no covenants.

The loan has to be repaid at \$100,000 per quarter from the end of September 2022, with a full repayment to occur by 2025.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

25. Financial risk management (continued)**d) Liquidity risk (continued)**

	Less than one year	Between one and five years	More than five years	Total
	30 June 2022	30 June 2022	30 June 2022	30 June 2022
	\$'000	\$'000	\$'000	\$'000
Trade and other payables	7,659	-	-	7,659
Secured bank loans	826	8,592	-	9,418
Finance and lease liabilities	4,019	10,578	5,719	20,316
	12,504	19,170	5,719	37,393

	Less than one year	Between one and five years	More than five years	Total
	30 June 2021	30 June 2021	30 June 2021	30 June 2021
	\$'000	\$'000	\$'000	\$'000
Trade and other payables	7,433	-	-	7,433
Secured bank loans	5,000	-	-	5,000
Finance lease liabilities	5,230	16,511	6,226	27,967
Loans from related parties	25	-	-	25
	17,688	16,511	6,226	40,425

e) Market risk

Market risk is the risk that changes in market prices – e.g., foreign exchange rates, interest rates and equity prices – will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

i) Currency risk

The Group is exposed to foreign currency risk to the extent that the assets, liabilities, income and expenses of foreign operations are translated into the functional currency of the Group, being Australian Dollars ('AUD'). The currencies of the foreign operations are primarily denominated in New Zealand Dollars ('NZD'), US Dollars ('USD'), Singapore Dollars ('SGD') and Chinese Yuan ('CNY'). The Group considers the impact of foreign currency differences arising on translation of foreign operations not to be material for the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

25. Financial risk management (continued)**e) Market risk (continued)****ii) Interest rate risk**

Interest rate risk is the risk that the Group incurs financial loss due to adverse movement in interest rates. The Group is subject to interest rate risk on its secured bank loans. A change of one percent in interest rates at the reporting date would have increased or decreased the Group's equity and other comprehensive income by \$66,780, net of tax (30 June 2021: \$8,750).

26. List of subsidiaries

See accounting policy in Note 5 a).

Set out below is a list of material subsidiaries of the Group.

	30 June 2022	30 June 2021
	% ownership	% ownership
Wiseway Logistics Pty Ltd - Australia	100%	100%
Wiseway Perishables Pty Ltd - Australia	100%	100%
Wiseway Logistics Limited - New Zealand	100%	100%
Wiseway Logistics Hong Kong Limited -Hong Kong	100%	100%
Wiseway Shanghai International Logistics Co., Ltd - China	100%	100%
Airnex Pty Ltd - Australia	100%	100%
Airnex Limited - New Zealand	100%	100%
Four Seasons Pty Ltd - Australia	51%	51%
Airtruck Pty Ltd - Australia	100%	100%
Cargo Technology Network Pty Ltd - Australia	100%	100%
Wiseway Logistics Pte Ltd - Singapore	100%	100%
TAF E-Logistics (Asia) Pte. Ltd.	100%	-
Wiseway Logistics Inc - United States of America	100%	100%
Wiseway Cargo Airlines (Aruba) N.V.	100%	-
Wiseway Cargo Airlines Pty Ltd – Australia	100%	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

27. Incorporation and acquisition of subsidiaries

See accounting policy in Note 5 a).

During the year, the following wholly owned subsidiaries were incorporated:

Subsidiary	Country	Date of incorporation/acquisition
Wiseway Cargo Airlines Pty Ltd	Australia	Incorporated 22 December 2021
Wiseway Cargo Airlines (Aruba) N.V.	Aruba	Incorporated 27 June 2022
TAF E-Logistics (Asia) Pte. Ltd.	Singapore	13 August 2021

TAF E-Logistics (Asia) Pte. Ltd. was acquired for total consideration of \$1,152,111 comprised of 400,000 shares and \$1,008,000 cash. The acquisition is not material to the Group.

28. Non-controlling interests

See accounting policy in Note 5 a).

The following table summarises the information relating to each of the Group's subsidiaries that has non-controlling interests, before any intra-group eliminations.

	Four Seasons Pty Ltd 12 months ended 30 June 2022 \$'000	Four Seasons Pty Ltd 12 months ended 30 June 2021 \$'000
Non-controlling interest %	49%	49%
Revenue	200	1,860
Profit / (loss)	(16)	(17)
Total comprehensive income	(16)	(17)
Profit / (loss) allocated to non-controlling interests	(8)	(8)
Current assets	3	213
Non-current assets	5	5
Current liabilities	(6)	(13)
Non-current liabilities	(63)	(250)
Net liabilities	(61)	(45)
Net liabilities attributable to non-controlling interests	(30)	(22)
Cash flows used in operating activities	5	(7)
Cash flows used in financing activities	(5)	(207)
Net increase / (decrease) in cash and cash equivalents	-	(214)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

29. Commitments and contingencies

The Group holds term deposits amounting to \$1,191,000, of which \$451,000 relates to bank guarantees (30 June 2021: \$451,000).

The Group has committed to lease an additional two rental properties after year end, one of which will replace an existing property.

30. Related parties**a) Key management personnel compensation**

	30 June 2022	30 June 2021
	\$	\$
Short-term employee benefits	838,740	745,412
Post-employment benefits	67,488	57,415
	<u>906,228</u>	<u>802,827</u>

Compensation of the Group's key management personnel include salaries, non-cash benefits and contributions to superannuation funds (see Note 9).

Information regarding individual Director's and executive's compensation is provided in the remuneration report section of the Directors' report.

b) Other related party transactions

The Executive Directors, or their related parties, hold positions in other entities that result in them having control or joint control over these entities.

A number of these entities transacted with the Group during the year ended 30 June 2022. The terms and conditions of the transactions were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-key management personnel related entities on an arm's length basis.

RTF Investment Management Pty Limited as trustee for RFT Trust, a trust of which Roger Tong and Florence Tong are the beneficiaries, provided leased commercial premises to the Group on normal commercial terms and conditions. During the financial year ended 30 June 2022, the rental amount paid to this related entity by the Group was \$1,789,565 (30 June 2021: \$2,021,896).

The Group has also loaned \$155,000 to a director of a subsidiary in which it has a non-controlling interest via that subsidiary.

The Group has historically provided and/or received short-term loans to or from Roger Tong and Florence Tong. The loans are unsecured, repayable on demand and interest free. As of 30 June 2022, the outstanding balance due to Executive Directors and their related entities was \$7,871 (30 June 2021: due to Executive Directors \$25,551).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

31.Subsequent events

Subsequent to year end, the Group entered into a leasing agreement which will provide it with exclusive use of a Boeing 737-800. The agreement is for 96 months until August 2030. The agreement is not expected to cost more than \$300,000 per month over the life of the contract and is not expected to start before September 2022.

No matters or circumstances, other than those mentioned above, have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

32.Reconciliation of cash flows from operating activities

	12 months ended 30 June 2022 \$'000	12 months ended 30 June 2021 \$'000
Profit for the period	(8,096)	1,766
Adjustments for:		
- Depreciation expense	5,660	5,162
- (Gain) / loss on sale of fixed assets	-	-
- Share capital contributed via employee share scheme/bonuses	70	-
Share-based payment expense	47	-
	<u>(2,319)</u>	<u>6,928</u>
Changes in:		
- Trade and other receivables	(2,763)	1,911
- Inventories	(107)	-
- Current tax assets or liabilities	(434)	866
- Other assets	(2,638)	(2,572)
- Deferred tax assets	1,258	(1,258)
- Trade and other payables	226	770
- Provisions	550	104
- Employee benefits	359	265
- Unrealised foreign exchange movements	119	-
- Changes through business combinations	190	-
Net cash (used in)/from operating activities	<u>(5,559)</u>	<u>7,014</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

33. Auditors' remuneration

	12 months ended 30 June 2022	12 months ended 30 June 2021
Audit and review services		
Auditors of the Company - KPMG		
Audit and review of financial statements	243,000	170,000
	243,000	170,000

34. Deed of cross guarantee

Pursuant to *ASIC Corporations (Wholly owned Companies) Instrument 2016/785* the wholly-owned subsidiaries listed below are relieved from the *Corporations Act 2001* requirements for preparation, audit and lodgement of financial reports, and Directors' reports.

It is a condition of the Instrument that the Company and each of the subsidiaries enter into a Deed of Cross Guarantee. The effect of the Deed is that the Company guarantees to each creditor payment in full of any debt in the event of winding up of any of the subsidiaries under certain provisions of the *Corporations Act 2001*. If a winding up occurs under the other provisions of the Act, the Company will only be liable in the event that after six months any creditor has not been paid in full. The subsidiaries have also given similar guarantees in the event that the Company is wound up.

The subsidiaries subject to the Deed are:

- Wiseway Logistics Pty Ltd
- Wiseway Perishables Pty Ltd
- Airnex Pty Ltd
- Airtruck Pty Ltd

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

34. Deed of cross guarantee (continued)

A consolidated statement of comprehensive income and consolidated statement of financial position, comprising the Company and controlled entities which are a party to the Deed, after eliminating all transactions between the parties to the Deed of Cross Guarantee, for the year ended 30 June 2022 is set out as follows:

	12 months ended 30 June 2022 \$'000	12 months ended 30 June 2021 \$'000
Statement of profit or loss and other comprehensive income and retained earnings		
Revenue	115,963	124,660
Direct transport and logistics expenses	(88,299)	(93,991)
Operating expenses	(30,301)	(27,343)
Finance costs	(1,156)	(1,273)
(Loss)/profit before tax	(3,793)	2,053
Income tax benefit/ (expense)	(768)	218
(Loss)/profit for the year	(4,561)	2,271
Total comprehensive income for the year, net of tax	(4,561)	2,271
Accumulated losses at beginning of year	(1,466)	(3,737)
Accumulated losses at end of year	(6,027)	(1,466)
Attributable to:		
Owners of the Company	(4,553)	2,279
Non-controlling interests	(8)	(8)
(Loss)/profit for the year	(4,561)	2,271

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

34. Deed of cross guarantee (continued)**Statement of financial position**

	30 June 2022 \$'000	30 June 2021 \$'000
Assets		
Cash and cash equivalents	5,599	7,602
Trade and other receivables, including receivables from other Group entities not party to the Deed	15,751	5,352
Inventories	227	120
Current tax assets	-	-
Other assets	1,806	3,536
Current assets	23,383	16,610
Other Assets	2,471	-
Financial assets	453	451
Property, plant and equipment	33,684	37,943
Deferred tax assets	-	1,258
Non-current assets	36,608	39,652
Total assets	59,991	56,262
Liabilities		
Trade and other payables	5,727	7,429
Loans and borrowings	4,069	10,220
Employee benefits	1,628	1,284
Provisions	677	127
Current tax liabilities	171	661
Current liabilities	12,272	19,721
Loans and borrowings	21,979	10,320
Employee benefits	188	211
Non-current liabilities	22,167	10,531
Total liabilities	34,439	30,252
Net assets	25,552	26,010
Equity		
Share capital	30,044	26,027
Reserves	1,535	1,449
Accumulated losses	(6,027)	(1,466)
Total equity	25,552	26,010

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

35. Parent entity disclosures

As at, and throughout, the financial reporting period ended 30 June 2022 the parent entity of the Group was Wiseway Group Limited.

	12 months ended 30 June 2022 \$'000	12 months ended 30 June 2021 \$'000
Result of the parent entity		
Loss for the period	(6,297)	(65)
Total comprehensive loss for the period	(6,297)	(65)
Financial position of the parent entity at year end		
Current assets	2	854
Total assets	21,480	23,683
Total equity of the parent entity comprising of:		
Share capital	30,044	26,027
Share-based payments reserve	1,535	1,458
Accumulated losses	(10,099)	(3,802)
Total equity	21,480	23,683

The parent entity has entered into a Deed of Cross Guarantee with the effect that the Company guarantees debts in respect of certain subsidiaries.

Further details of the Deed of Cross Guarantee and the subsidiaries subject to the deed are disclosed in Note 34.

WISEWAY GROUP LIMITED
ABN 26 624 909 682
DIRECTORS' DECLARATION

In the opinion of the Directors of Wiseway Group Limited (the 'Company'):

- a) the consolidated financial statements and notes that are set out on pages 19 to 64 and the Remuneration report in section 16 of the Directors' report, are in accordance with the *Corporations Act 2001*, including:
- i) giving a true and fair view of the Group's financial position as at 30 June 2022 and of its performance for the period ended on that date; and
 - ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- 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.

There are reasonable grounds to believe that the Company and the group entities identified in Note 35 will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the Deed of Cross Guarantee between the Company and those group entities pursuant to ASIC Corporations (Wholly owned Companies) Instrument 2016/785.

The Directors have been given declarations required by Section 295A of the *Corporations Act 2001* from the chief executive officer for the year ended 30 June 2022.

The Directors draw attention to Note 2 to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the directors:



Florence Tong
Executive Director and Managing Director



Roger Tong
Chief Executive Officer

Dated at Sydney this 20th day of September 2022



Independent Auditor's Report

To the shareholders of Wiseway Group Limited

Report on the audit of the Financial Report

Opinion

We have audited the **Financial Report** of Wiseway Group Limited (the Company).

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

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

The **Financial Report** comprises:

- Consolidated statement of financial position as at 30 June 2022
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended
- Notes including a summary of significant accounting policies
- Directors' Declaration.

The **Group** consists of Wiseway Group Limited (the Company) and the entities it controlled at the year-end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 Group 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 (including Independence Standards) (the Code)* that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Key Audit Matters

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The Key Audit Matters we identified are:

- Revenue recognition for air freight forwarding services
- Going concern basis of accounting

Revenue recognition for air freight forwarding services (\$103.9m)

Refer to Note 8 to the Financial Report

The key audit matter	How the matter was addressed in our audit
<p>Revenue recognition of air freight forwarding services is a key audit matter due to:</p> <ul style="list-style-type: none"> • The significant audit effort required by us to test the high volume of transactions recorded by the Group as revenue; and • revenue from the provision of air freight forwarding services represents 80% of the Group's revenue from contracts with customers. <p>The Group has manual processes and controls which may increase the risk of incorrect revenue recognition, in particular in the final month of the reporting period. This increased our audit effort to test a higher number of samples for freight revenue transactions in the final month of the reporting period.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> • We considered the relevant features of the air freight forwarding services contracts in assessing the Group's application of the accounting standard <i>AASB 15 Revenue from Contracts with Customers</i>, including what the Group identified as performance obligations, against the criteria in AASB 15 and in the Group's policy. • We selected a statistical sample of air freight forwarding revenue transactions throughout the year. We selected a higher statistical sample during the final month of the year due to the increased risk of incorrect revenue recognition. For each sample selected, we: <ul style="list-style-type: none"> - checked the amount of revenue recorded by the Group against the amount of the underlying sales invoice and to the cash receipts from the customer obtained from the Group's bank statements; - checked the weight recorded on the invoice to freight documents such as the waybill or airline invoice; and - checked the date the revenue was recognised by the Group to the date of completion of freight forwarding services using freight documents such as the waybill or airline invoice. For revenue transactions selected for testing immediately before and after year end, we also verified the flight details to a third party source to confirm flight information. • We assessed the disclosures in the Financial Report using our understanding obtained from our testing and against the requirements of AASB 15.

Going concern basis of accounting

Refer to Note 2 to the Financial Report

The key audit matter	How the matter was addressed in our audit
<p>The Group's use of the going concern basis of accounting and the associated extent of uncertainty is a key audit matter due to the high level of judgement required by us in evaluating the Group's assessment of going concern and the events or conditions that may cast significant doubt on their ability to continue as a going concern. These are outlined in Note 2.</p> <p>The Directors have determined that the use of the going concern basis of accounting is appropriate in preparing the financial report. Their assessment of going concern was based on cash flow projections. The preparation of these projections incorporated a number of assumptions and significant judgements, and the Directors have concluded that the range of possible outcomes considered in arriving at this judgement does not give rise to a material uncertainty casting significant doubt on the Group's ability to continue as a going concern.</p> <p>We critically assessed the levels of uncertainty, as it related to the Group's ability to continue as a going concern, within these assumptions and judgements, focusing on the following:</p> <ul style="list-style-type: none"> the Group's significant cash inflow assumptions, particularly the forecast growth rate in light of economic and market conditions, including the effects of expanded COVID-19 lockdown measures in China, the impact of rainfall and floods and the risk of changing customer needs and behaviour; the Group's planned levels of operational and capital expenditures incorporating potential further/future impacts resulting from business restructuring on the Group, and the ability of the Group to manage cash outflows within available funding. 	<p>Working with our risk management partners, our procedures included:</p> <ul style="list-style-type: none"> We analysed the cash flow projections by: <ul style="list-style-type: none"> Evaluating the underlying data used to generate the projections. We looked at their consistency with those used by the Directors, and tested by us, with the Group's intentions; Analysing the impact of reasonably possible changes in projected cash flows and their timing, to the projected periodic cash positions. Assessing the resultant impact to the ability of the Group to pay debts as and when they fall due and continue as a going concern. The specific areas we focused on were the sensitivity analysis on key cash flow projection assumptions and what scenarios are reasonably possible; Assessing the Group's significant cash inflow assumptions and judgements for feasibility and timing. We used our knowledge of the Group, its industry, and customers trends and conditions to assess the level of associated uncertainty; Assessing the planned levels of operating and capital expenditures for consistency of relationships and trends to the Group's actual results, results since year end, and our understanding of the business; and We assessed significant non-routine forecast cash inflows and outflows including the forecast impact of the aircraft lease entered into subsequent to year end. We used our knowledge of the Group and its industry to assess the level of associated uncertainty. We evaluated the Group's going concern disclosures in the financial report by comparing them to our understanding of the events or conditions incorporated into the cash flow projection assessment, the Group's plans to address those events or conditions, and accounting standard requirements.



In assessing this key audit matter, we involved our risk management partners and senior audit team members who understand the Group's business, industry and the economic environment it operates in.

Other Information

Other Information is financial and non-financial information in Wiseway Group Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we will not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we 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.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and 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 objective is:

- 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 *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They 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 the 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:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our Auditor's Report.

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Wiseway Group Limited for the year ended 30 June 2022, complies with *Section 300A of the Corporations Act 2001*.

Directors' responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A of the Corporations Act 2001*.

Our responsibilities

We have audited the Remuneration Report included in *pages 10 to 16* of the Directors' report for the year ended 30 June 2022.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.

KPMG

Malcolm Kafer

Partner

Sydney

20 September 2022

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES**ASX additional information**

Additional information required by the ASX Limited Listing Rules and not disclosed elsewhere in this report is set out below. This information is effective as at 20 September 2022.

Distribution of shareholders**Totals for Security Code WWG**

1 to 1000	18	4,145	.00
1001 to 5000	134	417,808	.25
5001 to 10000	58	438,643	.26
10001 to 100000	165	6,137,132	3.68
100001 and Over	58	159,896,144	95.81
Total	433	166,893,872	100.00

Substantial shareholders

<u>Rank</u>	<u>Investor</u>	<u>Current Balance</u>	<u>% Issued Capital</u>
Security: WWG - FULLY PAID ORDINARY SHARE			
1	FLORENCE YANLI TONG	31,498,804	18.87%
2	ROGER SHIGANG TONG	30,526,366	18.29%
3	AZ GLOBAL CO. LIMITED	27,707,786	16.60%
4	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	13,307,877	7.97%
5	REGNANS CAPITAL PTY LTD	11,992,971	7.19%

Voting rights

The Company only has ordinary shares on issue. 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.

Unlisted employee performance rights

There were 1,633,235 unlisted performance rights on issue. Of these rights, 1,444,126 have an exercise price of 45c cents each, and the balance of 189,109 have no exercise price. All will vest on 1 April 2024, subject to the fulfilment of the relevant vesting conditions.

Securities exchange

The Company is listed on the Australian Securities Exchange. The Home exchange is Sydney.

Other information

Wiseway Group Limited, incorporated and domiciled in Australia, is a publicly listed company limited by shares

WISEWAY GROUP LIMITED

ABN 26 624 909 682

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

Twenty largest shareholders

Rank	Investor	Current Balance	% Issued Capital
Security: WWG - FULLY PAID ORDINARY SHARE			
1	FLORENCE YANLI TONG	31,498,804	18.87%
2	ROGER SHIGANG TONG	30,526,366	18.29%
3	AZ GLOBAL CO. LIMITED	27,707,786	16.60%
4	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	13,307,877	7.97%
5	REGNANS CAPITAL PTY LTD	11,992,971	7.19%
6	BNP PARIBAS NOMINEES PTY LTD ACF CLEARSTREAM	5,688,960	3.41%
7	UBS NOMINEES PTY LTD	4,971,286	2.98%
8	MOGGS CREEK PTY LTD <MOGGS CREEK SUPER A/C>	4,550,190	2.73%
9	PACIFIC CUSTODIANS PTY LIMITED <EMPLOYEE SHARE PLAN TST A/C>	2,961,865	1.77%
10	MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	2,523,910	1.51%
11	MRS FLORENCE YANLI TONG	2,354,070	1.41%
12	MR ROGER SHIGANG TONG	2,054,257	1.23%
13	WEEWAC PTY LTD <WARRIOR SUPER FUND A/C>	1,432,000	.86%
14	PACIFIC CUSTODIANS PTY LIMITED <WWG EMPLOYEE SUB REGISTER A/C>	1,119,749	.67%
15	DEBUSCEY PTY LTD	1,040,000	.62%
16	M & M WORLDWIDE GROUPS PTY LTD <WISELINK FOUNDATION GROUP A/C>	957,970	.57%
17	JIM TONG	926,039	.55%
18	KEN TONG	926,039	.55%
19	HOPLITE CAPITAL PTY LIMITED <BERTRAM S/F ACCOUNT>	900,000	.54%
20	LAUREL CAPITAL PTY LTD	798,309	.48%
TOTAL FOR TOP 20:		148,238,448	Investors 20 88.82%
TOTAL IN THIS REPORT:		148,238,448	Investors 20 88.82%
TOTAL OTHER INVESTORS:		18,655,424	413 11.18%
GRAND TOTAL:		166,893,872	433 100.00%

WISEWAY GROUP LIMITED
ABN 26 624 909 682
CORPORATE DIRECTORY

Directors

Astrid Raetze

Independent Non-Executive Director

Ken Tong

Non-Executive Director

Brandon Teo

Independent Non-Executive Director

Florence Tong

Chair, Executive Director and Managing Director

Company secretary

Roger Tong

Company Secretary and CEO

Registered Office

Wiseway Group Limited

39-43 Warren Avenue

Bankstown NSW 2000

Auditor

KPMG

Level 38, Tower 3

International Towers Sydney

300 Barangaroo Avenue

Sydney NSW 2000

Share Registry

Link Market Services Limited

Level 12, 680 George Street

Sydney NSW 2000