

For personal use only

WISEWAY GROUP LIMITED

ABN 26 624 909 682

ANNUAL REPORT

30 JUNE 2021

WISEWAY GROUP LIMITED

ABN 26 624 909 682

CONTENTS

Directors' Report.....	3
Lead auditor's Independence Declaration.....	16
Consolidated Statement of Profit or Loss and Other Comprehensive Income.....	17
Consolidated Statement of Financial Position.....	18
Consolidated Statement of Changes in Equity.....	19
Consolidated Statement of Cash Flows.....	21
Notes to the Consolidated Financial Statements.....	22
Directors' Declaration.....	56
Independent auditor's Report.....	57
Additional Information for Listed Public Companies.....	61
Corporate Directory.....	63

For personal use only

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, for the financial year ended 30 June 2021 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
Michael Hughes <i>Independent Non-Executive Chairman</i>	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.
Florence Tong <i>Executive Director</i>	Florence is the Co-Founder 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 <i>Non-Executive Director</i>	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.
Robert McNutt <i>Independent Non-Executive Director</i>	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.
Brandon Teo <i>Independent Non-Executive Director</i>	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.

WISEWAY GROUP LIMITED
ABN 26 624 909 682
DIRECTORS' REPORT

1. Directors (continued)

Former Directors

Roger Tong
Chief Executive Officer and Group Company Secretary
Former Executive Director

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. He was appointed to the Board on 16 March 2018 and resigned from the Company's Board on 1 March 2021.

Lin Xu
Non-Executive Director

Currently 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. Appointed on 1 November 2019. Resigned 9th August 2021.

Stephen Chan
Independent Non-Executive Director

Currently the CEO of SCF Global Group. Has over 54 years' experience in the freight forwarding and supply chain industries. Awarded Honorary Fellows Award from Supply Chain Asia. Appointed on 16 March 2018. Resigned 30th September 2021.

2. Company Secretary

Florence Tong has held the position of Company Secretary since the beginning of the reporting period to her resignation date on 1 March 2021. Roger Tong has held the position of Company Secretary from his appointment on 1 March 2021 to the date of this report.

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	
	A	B	A	B	A	B
Michael Hughes	8	8	2	2	1	1
Stephen Chan	8	8	2	2	1	1
Lin Xu	8	7	2	2	-	-
Florence Tong	8	8	2	2	1	1
Roger Tong	5	5	2	2	-	-
Ken Tong	3	3	-	-	1	1

A - Number of meetings held during the time the Director held office during the year

B - Number of meetings attended

WISEWAY GROUP LIMITED
ABN 26 624 909 682
DIRECTORS' REPORT

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 for the financial year ended 30 June 2021 ('FY21') was \$126.8 million (2020: \$102.6 million), driven by organic growth across the key segments of perishables, imports, and road truck transportation, and resulting in an EBITDA of \$8.1 million (2020: \$5.0 million) and a positive after-tax statutory net profit of \$1.8 million (2020: loss of \$3.5 million) for the first time since listing in 2018.

Wiseway's first full-year profit since listing was a result of the Company's focus on organic revenue growth, prudent cost management, and economies of scale, following two years of robust strategic investment in the business.

b) Incorporation of subsidiaries

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

Subsidiary	Country	Date of incorporation
Wiseway Logistics Inc.	United States of America	17 February 2021
Wiseway Logistics Pte. Ltd.	Singapore	23 June 2021

c) Expanding US operations

During the year, the Company expanded its operations into the United States of America. The Company completed the required registration processes and incorporated its US subsidiary Wiseway Logistics Inc. in February 2021 and started operating a lean model for its in-country operations in June 2021 with a highly experienced team strategically based in Los Angeles, California.

Los Angeles is a strategic hub in Australia's Trans-Pacific trade, being the largest inbound and outbound freight destination in North America according to The Bureau of the Infrastructure, Transport, and Research Economics ("BITRE") in 2020. It is also the fourth largest inbound freight destination globally, making it the ideal next step for Wiseway to expand and diversify its global operations.

d) Expanding into Singapore

In June 2021, the Company expanded its operations into Singapore through incorporating its subsidiary Wiseway Logistics Pte. Ltd. Singapore is Australia's number one inbound and outbound air freight trade partner, according to The Bureau of the Infrastructure Transport, and Regional Economics, claiming the largest share (18%) of total airfreight traffic activity in 2020.

WISEWAY GROUP LIMITED
ABN 26 624 909 682
DIRECTORS' REPORT

5. Operating and financial review (continued)

e) Operating updates

Wiseway continued its transformation journey to diversify its income streams and, importantly, to deliver a broader range of customer services through a more integrated business.

The Company continues investing in modern technologies and software solutions that add valuable process efficiencies to online booking, cargo scanning, and real-time tracking.

During the year, the Company expanded its on-ground team in China to 10 people, based in Shanghai and Guangzhou. The team continues to provide in-country support to the organic growth of the Company's operations in China and the Asia-Pacific region.

f) Outlook

Wiseway's logistics operations are an essential part of the Australian economy, which has delivered resilience through the ongoing COVID-19 pandemic. The Company's strong relationships with its logistics partners and diversified freight services have enabled it to deliver the services its clients need during these challenging times.

The Company has developed the appropriate resource planning capabilities and risk management practices to sustain the growth momentum in the business and prepare for any supply chain disruptions.

After recent expansions into the US and Southeast Asia, the Company will continue its journey to become a global logistics and freight forwarding operator with an extensive network of shipping destinations, which will provide opportunities for synergies and sustainable organic 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.

g) 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 disruptions to the traditional trade pathways between the two regions and the significantly reduced cargo capacities due to the imposed flight restrictions.

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. The Company's lean operating platform and strategic partnerships in the industry have helped the Company retain its current customer base and win new customers who are looking for an integrated logistics provider that caters to their everyday shipping needs.

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.

WISEWAY GROUP LIMITED
ABN 26 624 909 682
DIRECTORS' REPORT

6. Dividends

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

7. Events subsequent to reporting date

The secured loan facility of \$5,000,000 was fully paid down on 2 July 2021.

In August 2021, Wiseway Group Limited acquired TAF E-Logistics (Asia) Pte LTD ("TAF").

TAF is a Singapore based IATA Licensed air freight and logistics company that provides a full range of services including customs brokerage and clearance, local transportation and cross-border trucking between Singapore, Malaysia, and Thailand, in addition to international freight forwarding (Air & Sea) to Indonesia & other ASEAN countries.

As part of the completion, 400,000 fully paid ordinary shares in Wiseway have been issued, representing approximately 0.3% of Wiseway's current total issued capital and will be voluntarily escrowed for two years from date of issue.

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.

WISEWAY GROUP LIMITED
ABN 26 624 909 682
DIRECTORS' REPORT

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 2021 and as at the date of this report are as follows:

Director	Number of ordinary shares held as at 17 October 2021	Number of ordinary shares held as at 30 June 2021
Michael Hughes	60,000	60,000
Florence Tong	28,345,202	28,442,299
Ken Tong	1,131,642	1,131,642
Rob McNutt	-	-
Brandon Teo	400,000	-
Former Directors		
Stephen Chan*	874,309	874,309
Lin Xu	-	-
Roger Tong	28,370,089	28,467,186

*Stephen Chan holds 76,000 shares in his own name and 798,309 shares beneficially through Golden Fortune Sky Limited of which he is the sole director and 100% shareholder.

11. Share options

No options over issued shares or interests in the Company were granted during or since the end of the financial reporting period and there were 124,668 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 *Corporation Acts 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.

WISEWAY GROUP LIMITED
ABN 26 624 909 682
DIRECTORS' REPORT

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 16 and forms part of the Directors' report for the financial year ended 30 June 2021.

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.

16. Remuneration report – Audited

The Directors present Wiseway Group Limited's 2021 Remuneration report which sets out information about the remuneration of the Group's non-executive Directors, executive Directors and other key management personnel. 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.

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
Michael Hughes	Non-Executive Chairman	10 April 2019	Current
Stephen Chan	Non-Executive Director	16 March 2018	30 September 2021
Lin Xu	Non-Executive Director	1 November 2019	9 August 2021
Florence Tong	Executive Director	16 March 2018	Current
Roger Tong	Executive Director	16 March 2018	1 March 2021
Ken Tong	Non-Executive Director	1 March 2021	Current

Directors appointed subsequent to year end:

Name of Director	Position	Date Appointed	Date Resigned
Rob McNutt	Non-Executive Director	9 August 2021	Current
Brandon Teo	Non-Executive Director	18 August 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.

WISEWAY GROUP LIMITED
ABN 26 624 909 682
DIRECTORS' REPORT

16. Remuneration report – Audited (continued)

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/>.

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 FY21, the fees payable to the current non-executive Directors were \$200,323 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 annually 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 annually by the executive Directors and executive Directors are reviewed annually 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 annually 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.

WISEWAY GROUP LIMITED
ABN 26 624 909 682
DIRECTORS' REPORT

16. Remuneration report – Audited (continued)

Executive remuneration framework (continued)

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.

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 is set annually on 31 October. 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. The performance rights will be granted for nil cash consideration. The performance rights will be forfeited if the individual is no longer part of the business at the time of the grant.

WISEWAY GROUP LIMITED
ABN 26 624 909 682
DIRECTORS' REPORT

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	2021	2020	2019	2018*
Revenue	126,770	102,590	94,523	82,248
EBITDA	8,146	5,003	127	4,088
EBIT	2,984	(38)	(1,594)	2,548
Profit / (Loss) after income tax	1,766	(3,450)	(1,993)	1,162
Share price at end of financial year	0.30	0.13	0.20	N/A
Basic earnings per share	1.26	(2.47)	(2.40)	N/A

*Based on audited consolidated financial statements of Wiseway Logistics Pty Ltd only.

Details of remuneration

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

2021	Short-term employee benefits			Post employment benefits	
	Cash salary & fees	Bonus	Superannuation contributions	Termination costs	Total cash payments
Non-executive directors					
Michael Hughes	91,668	-	8,676	-	100,344
Stephen Chan	80,000	-	-	-	80,000
Ken Tong	18,244	-	1,735	-	19,979
Lin Xu	-	-	-	-	-
Total non-executive directors	189,912	-	10,411	-	200,323
Executive directors					
Florence Tong	250,000	27,750	23,502	-	301,252
Total executive directors	250,000	27,750	23,502	-	301,252
Total directors	439,912	27,750	33,913	-	501,575
Key management personnel					
Roger Tong	250,000	27,750	23,502	-	301,252
Total key management personnel	250,000	27,750	23,502	-	301,252

WISEWAY GROUP LIMITED
ABN 26 624 909 682
DIRECTORS' REPORT

16. Remuneration report – Audited (continued)

2021	Non-cash Share-based payments expense		Total	Performance related %
	Shares	Rights		
Non-executive directors				
Michael Hughes	-	-	100,344	-
Stephen Chan	-	-	80,000	-
Ken Tong	-	-	19,979	-
Lin Xu	-	-	-	-
Total non-executive directors	-	-	200,323	
Executive directors				
Florence Tong	15,000	-	316,252	9%
Total executive directors	15,000	-	316,252	
Total directors	15,000	-	516,575	
Key management personnel				
Roger Tong	15,000	-	316,252	9%
Total key management personnel	15,000	-	316,252	

A short term incentive of \$15,000 was paid to each of Florence Tong and Roger Tong respectively in shares in lieu of cash. A total of 97,097 in shares have been issued to Florence Tony and Roger Tong respectively.

2020	Cash			Post employment benefits	
	Cash salary & fees	Bonus	Superannuation contributions	Termination costs	Total cash payments
Non-executive directors					
Michael Hughes	85,236	-	8,097	-	93,333
Stephen Chan	80,000	-	-	-	80,000
Lin Xu	-	-	-	-	-
The Hon. Nick Bolkus	30,441	-	2,892	-	33,333
Total non-executive directors	195,677	-	10,989	-	206,666
Executive directors					
Florence Tong	250,000	3,750	21,118	-	274,868
Roger Tong	250,000	3,750	21,118	-	274,868
Total executive directors	500,000	7,500	42,236	-	549,736
Total directors	695,677	7,500	53,225	-	756,402

2020	Non-cash Share-based payments expense		Total	Performance related %
	Shares	Rights		
Non-executive directors				
Michael Hughes	-	-	93,333	-
Stephen Chan	-	-	80,000	-
Lin Xu	-	-	-	-
The Hon. Nick Bolkus	-	-	33,333	-
Total non-executive directors	-	-	206,666	
Executive directors				
Florence Tong	-	-	274,868	1%
Roger Tong	-	-	274,868	1%
Total executive directors	-	-	549,736	
Total directors	-	-	756,402	

WISEWAY GROUP LIMITED
ABN 26 624 909 682
DIRECTORS' REPORT

16. Remuneration report – Audited (continued)

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	250,000	6 months	-
Roger Tong	No fixed term	250,000	6 months	-

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.

2021	Balance at 30 June 2020	Granted as remuneration	Shares issued / purchased	Disposals	Balance at 30 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
2020					
	Balance at 30 June 2019	Granted as remuneration	Shares issued / purchased	Disposals	Balance at 30 June 2020
Non-executive directors					
Michael Hughes	60,000	-	-	-	60,000
Stephen Chan	874,309	-	-	-	874,309
Lin Xu	-	-	-	-	-
The Hon. Nick Bolkus	40,000	-	-	-	40,000
Total non-executive directors	974,309	-	-	-	974,309
Executive directors					
Florence Tong	31,544,545	-	1,574,000	(4,773,343)	28,345,202
Roger Tong	31,569,432	-	1,574,000	(4,773,343)	28,370,089
Total executive directors	63,113,977	-	3,148,000	(9,546,686)	56,715,291
Total directors	64,088,286	-	3,148,000	(9,546,686)	57,689,600

WISEWAY GROUP LIMITED
ABN 26 624 909 682
DIRECTORS' REPORT

16. Remuneration report – Audited (continued)

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 2021. 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 2021, the rental amount paid to this related entity by the Group was \$2,021,896 (30 June 2020: 1,461,032).

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 at 30 June 2021 the outstanding balance due to Executive Directors was \$25,551 (30 June 2020: due to Executive Directors \$463,966).

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 2021, 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 Managing Director

Dated at Sydney this 17th day of October 2021



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 2021 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

Malcolm Kafer

Partner

Sydney

17 October 2021

For personal use only

WISEWAY GROUP LIMITED

ABN 26 624 909 682

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

For the year ended 30 June 2021

	Note	12 months ended 30 June 2021 \$'000	12 months ended 30 June 2020 \$'000
Revenue	8	126,770	102,590
Direct transport and logistics expenses		(95,173)	(74,719)
Employee benefit expenses	9	(18,415)	(17,432)
Occupancy expenses		(970)	(1,065)
Depreciation expense	18	(5,162)	(5,041)
Share-based payments expense	24	(30)	(88)
Administration and other expenses		(4,036)	(4,283)
Operating profit/(loss)		2,984	(38)
Finance costs	10	(1,436)	(1,604)
Profit/(loss) before tax		1,548	(1,642)
Income tax benefit / (expense)	11	218	(1,808)
Profit/(loss) for the year		1,766	(3,450)
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss			
Foreign operations - foreign currency translation differences		(28)	32
Other comprehensive (loss) / income for the year		(28)	32
Total comprehensive profit/(loss) for the year		1,738	(3,418)
Profit/(loss) attributable to:			
Owners of the Company		1,774	(3,400)
Non-controlling interests	28	(8)	(50)
		1,766	(3,450)
Total comprehensive profit/(loss) attributable to:			
Owners of the Company		1,746	(3,368)
Non-controlling interests	28	(8)	(50)
		1,738	(3,418)
Basic earnings per share (cents)	12	1.26	(2.47)
Diluted earnings per share (cents)	12	1.26	(2.47)

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

WISEWAY GROUP LIMITED

ABN 26 624 909 682

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	Note	30 June 2021 \$'000	30 June 2020 \$'000
Assets			
Current assets			
Cash and cash equivalents	13	9,934	8,607
Trade and other receivables	14	6,744	8,299
Inventories	15	120	120
Current tax assets		-	866
Other assets	16	4,235	1,663
Total current assets		21,033	19,555
Non-current assets			
Financial assets	17	451	451
Property, plant and equipment	18	40,847	43,184
Deferred tax assets	11	1,258	-
Total non-current assets		42,556	43,635
Total assets		63,589	63,190
Liabilities			
Current liabilities			
Trade and other payables	19	7,433	6,530
Loans and borrowings	20	9,170	10,171
Employee benefits	21	1,285	1,020
Provisions	22	127	23
Current tax liabilities		660	-
Total current liabilities		18,675	17,744
Non-current liabilities			
Loans and borrowings	20	19,217	21,548
Employee benefits	21	211	150
Total non-current liabilities		19,428	21,698
Total liabilities		38,103	39,442
Net assets		25,486	23,748
Equity			
Share capital	23	26,027	26,027
Reserves	24	1,492	1,490
Accumulated losses		(2,011)	(3,755)
Equity attributable to owners of the Company		25,508	23,762
Non-controlling interests	28	(22)	(14)
Total equity		25,486	23,748

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 2021

	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 at 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 at 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.

WISEWAY GROUP LIMITED

ABN 26 624 909 682

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2021

	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 at 30 June 2019		21,487	1,370	-	(355)	22,502	36	22,538
Comprehensive income								
Loss for the period		-	-	-	(3,400)	(3,400)	(50)	(3,450)
Other comprehensive income for the period		-	-	32	-	32	-	32
Total comprehensive income for the period		-	-	32	(3,400)	(3,368)	(50)	(3,418)
Transactions with owners, in capacity as owners								
Issue of ordinary shares	24	4,540	-	-	-	4,540	-	4,540
Share-based payments	26	-	88	-	-	88	-	88
Total transactions with the owners		4,540	88	-	-	4,628	-	4,628
Balance at 30 June 2020		26,027	1,458	32	(3,755)	23,762	(14)	23,748

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 CASH FLOWS

For the year ended 30 June 2021

		12 months ended 30 June 2021	12 months ended 30 June 2020
	Note	\$'000	\$'000
Cash flows from operating activities			
Cash receipts from customers		128,025	103,419
Cash paid to suppliers and employees		<u>(120,060)</u>	<u>(97,444)</u>
Cash generated from operating activities		7,965	5,975
Interest received	8	10	19
Interest paid	10	(1,436)	(1,604)
Income taxes received/(paid)		<u>475</u>	<u>(562)</u>
Net cash generated from operating activities		<u>7,014</u>	<u>3,828</u>
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		-	40
Acquisition of property, plant and equipment	18	(625)	(3,407)
(Acquisition)/disposal of other investments		<u>(113)</u>	<u>361</u>
Net (cash used) in investing activities		<u>(738)</u>	<u>(3,006)</u>
Cash flows from financing activities			
Proceeds from issue of share capital	23	-	4,540
Proceeds from loans and borrowings	20	4,707	5,644
Repayment of loans and borrowings	20	(5,018)	(4,500)
Payment of lease liabilities	20	<u>(4,610)</u>	<u>(2,559)</u>
Net cash (used in)/from financing activities		<u>(4,921)</u>	<u>3,125</u>
Net increase in cash and cash equivalents		1,355	3,947
Cash and cash equivalents at beginning of the period		8,607	4,628
Effects of movements in exchange rates on cash held		(28)	32
Cash and cash equivalents at end of the period	13	<u>9,934</u>	<u>8,607</u>

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 2021

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 17 October 2021.

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

Going concern basis of accounting

Management has prepared a detailed financial forecast for the next 12 months which indicates that the Group has the ability to meet its debts as and when they fall due. 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.

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 20 – lease classification.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

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

Information about assumptions and estimation uncertainties at 30 June 2021 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) – recognition of deferred tax assets: availability of future taxable profit against which deductible temporary differences and tax losses can be utilised; and
- 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 quotes 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).

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

5. Significant accounting policies (continued)**a) Basis of consolidation (continued)*****v) Transactions eliminated on consolidation (continued)***

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 exchange rates at the dates of the transactions.

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

5. Significant accounting policies (continued)**d) Employee benefits (continued)****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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

5. Significant accounting policies (continued)**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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

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

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.

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.

For personal use only

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

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 2021

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 canceled 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 2021

5. 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 2021

5. Significant accounting policies (continued)**l) Provisions (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, IT equipment, motor vehicles and scanning equipment.

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. 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. IT 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

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

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

5. Significant accounting policies (continued)**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.

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.

6. Standards issued but not yet effective

A number of new standards are effective for annual periods beginning after 1 July 2021 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements.

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

- *Onerous contracts (Amendments to AASB 137)*
- *Interest Rate Benchmark Reform (Amendments to AASB 9)*
- *Covid-19 Related rent concessions (amendment to IFRS 16)*
- *Property, plant and equipment: proceeds before intended use (Amendment to IAS 16)*
- *Reference to conceptual Framework (Amendments to IFRS 4)*
- *Classification of liabilities as current or non current (amendments to IAS 1)*
- *IFRS 17 Insurance contracts and amendments to IFRS 17 insurance contracts*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

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.

	12 months ended 30 June 2021 \$'000	12 months ended 30 June 2020 \$'000
Revenue from contracts with customers	125,977	101,981
Other revenue		
Interest income	10	19
Other income	783	590
	<u>793</u>	<u>610</u>
Total revenue	<u>126,770</u>	<u>102,590</u>

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 2021 \$'000	12 months ended 30 June 2020 \$'000
Air freight - general cargo	86,690	83,552
Air freight - perishables	19,497	8,617
Sea freight	5,250	3,666
Road freight	4,274	2,250
Imports	10,266	3,896
	<u>125,977</u>	<u>101,981</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

8. Revenue (continued)**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	<p>Customers obtain control of their goods once the freight forwarding and import services have been rendered, being the point at which the customer's goods are delivered to the designated location, being the origin port or terminal for freight forwarding services and destination port or terminal for import services. Invoices are generated as services have been provided.</p> <p>Payment terms generally range from 7 days to a maximum of 30 days from date of invoice.</p>	Revenue from providing freight forwarding and import services would be recognised over 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.

9. Employee benefit expenses

See accounting policy in Note 5 d).

	12 months ended 30 June 2021	12 months ended 30 June 2020
	\$'000	\$'000
Salaries and wages	8,786	8,967
Contractor costs	7,737	7,003
Contributions to superannuation funds	716	803
Increase in employee benefits	326	170
Other employee expenses	850	489
	18,415	17,432

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

10. Finance costs

See accounting policy in Note 5 e).

	12 months 30 June 2021 \$'000	12 months 30 June 2020 \$'000
Financial liabilities measured at amortised cost - interest expense	528	661
Lease liabilities - interest expense	908	943
	<u>1,436</u>	<u>1,604</u>

11. Income taxes

See accounting policy in Note 5 f).

a) Amounts recognised in profit or loss

	12 months ended 30 June 2021 \$'000	12 months ended 30 June 2020 \$'000
Current year	661	158
Changes in estimates to prior year	379	72
	<u>1,040</u>	<u>230</u>
Deferred tax expense		
Deferred tax (benefit)/expense	(1,258)	1,578
Income tax (benefit)/expense	<u>(218)</u>	<u>1,808</u>

b) Reconciliation of effective tax rate

Profit/ (Loss) before tax	<u>1,548</u>	<u>(1,642)</u>
Tax using the Group's domestic Australian tax rate of 30%	464	(492)
Tax effect of:		
Non-deductible expenses	81	48
Changes in estimates to prior years	379	72
Recognition of previously unrecognised deductible temporary differences	(1,142)	2,180
	<u>(218)</u>	<u>1,808</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

11. Income taxes (continued)**c) Movement in deferred tax balances**

	30 June 2021	Movement	30 June 2020
	\$'000	\$'000	\$'000
Share issue costs	389	389	-
Trade and other receivables	233	233	-
Property, plant and equipment	107	107	-
Employee benefits	274	274	-
Other payables	255	255	-
Deferred tax assets	1,258	1,258	-

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.

	12 months ended 30 June 2021	12 months ended 30 June 2020
	\$'000	\$'000
Profit / (loss) attributable to ordinary shareholders (basic)	<u>1,774</u>	<u>(3,400)</u>
Weighted-average number of ordinary shares at 30 June 2021 (basic)	<u>141,134</u>	<u>137,455</u>

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.

Profit / (loss) attributable to ordinary shareholders (diluted)	<u>1,774</u>	<u>(3,400)</u>
Weighted-average number of ordinary shares at 30 June 2021 (diluted)	<u>141,259</u>	<u>137,455</u>

For personal use only

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

13. Cash and cash equivalents

See accounting policy in Note 5 i) iii).

	30 June 2021	30 June 2020
	\$'000	\$'000
Bank balances	<u>9,934</u>	<u>8,607</u>

14. Trade and other receivables

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

	30 June 2021	30 June 2020
	\$'000	\$'000
Trade receivables	6,658	8,070
Less: Provision for doubtful debts	<u>(787)</u>	<u>(725)</u>
Net trade receivables	5,871	7,345
Net GST receivables	533	312
Other receivables	<u>340</u>	<u>642</u>
	<u>6,744</u>	<u>8,299</u>

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 2021	30 June 2020
	\$'000	\$'000
Pallet inventory	<u>120</u>	<u>120</u>
Inventories	<u>120</u>	<u>120</u>

16. Other assets

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

	30 June 2021	30 June 2020
	\$'000	\$'000
Deposits	3,294	1,214
Prepayments	<u>941</u>	<u>449</u>
	<u>4,235</u>	<u>1,663</u>

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

For personal use only

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

17. Financial assets

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

	30 June 2021	30 June 2020
	\$'000	\$'000
Term deposits for bank guarantees	451	451
	<u>451</u>	<u>451</u>

The term deposits relate to bank guarantees as security for leased premises.

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						
Balance at 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 at 30 June 2021	11,327	20,121	6,907	3,894	13,800	56,049
Accumulated depreciation						
Balance at 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 at 30 June 2021	(1,280)	(3,970)	(1,841)	(1,146)	(6,965)	(15,202)
Carrying amounts						
At 30 June 2021	10,047	16,151	5,066	2,748	6,835	40,847

	Land and buildings \$'000	Right-of-use assets \$'000	Leasehold improvements \$'000	Plant and equipment \$'000	Motor vehicles \$'000	Total \$'000
Cost						
Balance at 30 June 2019	11,327	19,873	6,167	1,832	10,943	50,142
Additions	-	-	248	1,874	1,285	3,407
Disposals	-	-	-	-	(230)	(230)
Balance at 30 June 2020	11,327	19,873	6,415	3,706	11,998	53,319
Accumulated depreciation and impairment losses						
Balance at 30 June 2019	(142)	-	(487)	(338)	(4,337)	(5,304)
Depreciation	(572)	(2,068)	(653)	(391)	(1,357)	(5,041)
Disposals	-	-	-	-	210	210
Balance at 30 June 2020	(714)	(2,068)	(1,140)	(729)	(5,484)	(10,135)
Carrying amounts						
Balance at 30 June 2020	10,613	17,805	5,275	2,977	6,514	43,184

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

18. Property, plant and equipment (continued)**b) Leased plant and equipment**

The Group leases motor vehicles under a number of finance leases. At 30 June 2021, the net carrying amount of leased motor vehicles was \$6,835,000 (30 June 2020: \$6,514,000).

During the year ended 30 June 2021, the Group acquired motor vehicles with a carrying amount of \$1,802,000 under finance leases (2020: \$1,285,000).

19. Trade and other payables

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

	12 months ended 30 June 2021 \$'000	12 months ended 30 June 2020 \$'000
Trade payables	4,024	5,017
Other payables	3,409	1,513
	<u>7,433</u>	<u>6,530</u>

20. Loans and borrowings

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

	30 June 2021 \$'000	30 June 2020 \$'000
Current liabilities		
Finance lease liabilities	1,084	2,739
Lease liabilities	3,061	1,511
Loans from related parties	25	921
Secured bank loans	5,000	5,000
	<u>9,170</u>	<u>10,171</u>
Non-current liabilities		
Finance lease liabilities	5,230	4,822
Lease liabilities	13,987	16,726
	<u>19,217</u>	<u>21,548</u>

The Group has a secured loan facility of AUD \$5,000,000 of which AUD \$5,000,000 was utilised at 30 June 2021 (30 June 2020: \$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 2022 at a nominal interest rate of 2.64%.

The secured loan facility was fully paid down during the year and redrawn on 29 June 2021. The Group has met its covenants for the year ended 30 June 2021 (refer to Note 25(d)). The loan was subsequently fully repaid on 2 July.

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 2021

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 2021 \$'000	Interest 30 June 2021 \$'000	Present value of minimum lease payments 30 June 2021 \$'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
	<u>27,967</u>	<u>(4,605)</u>	<u>23,362</u>

	Future minimum lease payments 30 June 2020 \$'000	Interest 30 June 2020 \$'000	Present value of minimum lease payments 30 June 2020 \$'000
Less than one year	5,459	(1,209)	4,250
Between one and five years	14,890	(3,010)	11,880
More than five years	11,055	(1,387)	9,668
	<u>31,404</u>	<u>(5,606)</u>	<u>25,798</u>

21. Employee benefits

See accounting policies in Note 5 d).

	30 June 2021 \$'000	30 June 2020 \$'000
Current		
Liability for annual leave	778	513
Other employee benefit liabilities	507	507
	<u>1,285</u>	<u>1,020</u>
Non- Current		
Liability for long-service leave	211	150
	<u>211</u>	<u>150</u>

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

22. Provisions

See accounting policy in Note 5 l).

	30 June 2021 \$'000	30 June 2020 \$'000
Provision for make good expenses	127	23
	<u>127</u>	<u>23</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

23. Capital and reserves

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

a) Share capital

Date	Details	No.	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
		No.	Issue price	\$'000
30 June 2019	Opening balance	121,074,003	-	21,487
27 August 2019	Ordinary shares issued - AZ Global	18,161,100	0.25	4,540
30 October 2019	Ordinary shares issued - employees	1,083,666	-	-
30 June 2020	Closing balance	140,318,769		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.

b) Nature and purpose of reserves*i) Translation reserve*

The translation reserve of \$4,000 (30 June 2020: \$32,000) 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 \$1,488,000 (30 June 2020: 1,458,000) 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 2021	30 June 2020
Amount of franking credits available to shareholders of Wiseway Group Limited for subsequent financial years	1,268,427	1,741,451

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

24. Share-based payment arrangements**a) Performance rights 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. These performance rights have a three-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.

The following tables shows the movement of the number of performance rights that were held during the years ended 30 June 2020 and 2021 by employees of the Group.

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

	Opening balance at 30 June 2019	Rights issued to employees	Rights vested / lapsed	Closing balance at 30 June 2020
30 June 2020				
Key management	934,000	-	(934,000)	-
Other employees	449,000	-	(199,666)	249,334
	1,383,000	-	(1,133,666)	249,334

Number of performance rights issued to all other employees: 124,668

Grant date: 31 October 2018

Vesting date	% vested	Probabililty for vesting	Share price at 31 October 2018	Fair value
31 October 2019	33%	1	0.50	74,833
31 October 2020	33%	1	0.50	74,833
31 October 2021	33%	1	0.50	74,833
	100%			224,500

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

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

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 2021 \$'000	12 months ended 30 June 2020 \$'000
Shares issued in return for provision of services	30	-
Fair value of performance rights issue to employees	-	88
	<u>30</u>	<u>88</u>

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

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

30 June 2021	Financial assets		Total
	at amortised cost	Other financial liabilities	
Financial assets	\$'000	\$'000	\$'000
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)

30 June 2020	Financial assets		Total
	at amortised cost	Other financial liabilities	
Financial assets	\$'000	\$'000	\$'000
Cash and cash equivalents	8,607	-	8,607
Trade and other receivables	8,299	-	8,299
Financial assets	451	-	451
Total financial assets	17,357	-	17,357

Financial liabilities			
Trade and other payables	-	(6,530)	(6,530)
Loans and borrowings	-	(31,719)	(31,719)
Total financial liabilities	-	(38,249)	(38,249)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

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 30% 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 30 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

25. Financial risk management (continued)

c) Credit risk (continued)

The following table provides information about the exposure to credit risk and ECLs for trade receivables from customers as at 30 June 2021.

30 June 2021	Weighted- average loss rate %	Gross carrying amount \$'000	Loss allowance \$'000	Credit- impaired
Current (not past due)	0%	5,311	-	No
1-30 days past due	0%	415	-	No
31-60 days past due	5%	118	(6)	No
61-90 days past due	10%	66	(7)	No
90-120 days past due	20%	13	(3)	No
120-150 days past due	30%	-	-	No
More than 150 days past due	100%	762	(761)	Yes
		6,685	(777)	

30 June 2020	Weighted- average loss rate %	Gross carrying amount \$'000	Loss allowance \$'000	Credit- impaired
Current (not past due)	0%	4,590	-	No
1-30 days past due	0%	1,389	-	No
31-60 days past due	5%	558	(28)	No
61-90 days past due	10%	290	(29)	No
90-120 days past due	20%	225	(45)	No
120-150 days past due	30%	201	(60)	No
More than 150 days past due	69%	817	(563)	Yes
		8,070	(725)	

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 \$5,000,000 of which \$5,000,000 was utilised at 30 June 2021 (30 June 2020: \$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 12 months. The loan contains covenants which state that at the end of each financial year 12 month period, the Group's equity ratio (the Group's total shareholder funds divided by total assets) must not be less than 35%, the Group's debt service cover (gross interest expense plus gross principal repayments) must not be less than 1.1 times the Group's EBITDA (excluding one-off IPO costs) less income tax expense, and the Group's interest cover (the Group's gross interest expense) must not be less than 2.0 times the Group's EBIT (excluding one-off IPO costs). The Group has met its covenants for the year ended 30 June 2021.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

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

The loan has been classified as current in the consolidated statement of financial position due to the loan maturing within 12 months.

	Less than one year 30 June 2021 \$'000	Between one and five years 30 June 2021 \$'000	More than five years 30 June 2021 \$'000	Total 30 June 2021 \$'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

	Less than one year 30 June 2020 \$'000	Between one and five years 30 June 2020 \$'000	More than five years 30 June 2020 \$'000	Total 30 June 2020 \$'000
Trade and other payables	6,530	-	-	6,530
Secured bank loans	5,000	-	-	5,000
Finance lease liabilities	5,459	14,890	11,055	31,404
Loans from related parties	921	-	-	921
	17,910	14,890	11,055	43,855

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') 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 period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

25. Financial risk management (continued)**d) Liquidity risk (continued)***ii) Interest rate risk*

Interest rate risk 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 \$8,750, net of tax (30 June 2020: \$35,000).

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 2021	30 June 2020
	% 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%	-
Wiseway Logistics Inc - United States Of America	100%	-

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
Wiseway Logistics Inc.	United States of America	17 February 2021
Wiseway Logistics Pte. Ltd.	Singapore	23 June 2021

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

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 2021 \$'000	Four Seasons Pty Ltd 12 months ended 30 June 2020 \$'000
Non-controlling interest %	49%	49%
Revenue	1,860	3,139
Profit / (loss)	(17)	(102)
Total comprehensive income	(17)	(102)
Profit / (loss) allocated to non-controlling interests	(8)	(50)
Current assets	213	432
Non-current assets	5	5
Current liabilities	(13)	(8)
Non-current liabilities	(250)	(457)
Net liabilities	(45)	(28)
Net assets attributable to non-controlling interests	(22)	(14)
Cash flows used in operating activities	(7)	26
Cash flows used in financing activities	(207)	176
Net increase / (decrease) in cash and cash equivalents	(214)	202

29. Commitments and contingencies

The Group holds bank guarantees in the form of term deposits amounting to \$451,000 (30 June 2020: \$451,000), which are described in Note 17.

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

	30 June 2021	30 June 2020
Short-term employee benefits	775,412	703,178
Post-employment benefits	57,415	53,225
	832,827	756,402

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

For personal use only

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

30. Related parties (continued)

a) Key management personnel compensation (continued)

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 2021. 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 2021, the rental amount paid to this related entity by the Group was \$2,021,896 (30 June 2020: 1,461,032).

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 at 30 June 2021 the outstanding balance due to Executive Directors was \$25,551 (30 June 2020: due to Executive Directors \$463,966).

31. Subsequent events

The secured loan facility of \$5,000,000 was fully paid down on 2 July 2021.

In August 2021, Wiseway Group Limited acquired TAF E-Logistics (Asia) Pte LTD ("TAF").

TAF is a Singapore based IATA Licensed air freight and logistics company that provides a full range of services including customs brokerage and clearance, local transportation and cross-border trucking between Singapore, Malaysia, and Thailand, in addition to international freight forwarding (Air & Sea) to Indonesia & other ASEAN countries.

As part of the completion, 400,000 fully paid ordinary shares in Wiseway have been issued, representing approximately 0.3% of Wiseway's current total issued capital and will be voluntarily escrowed for two years from date of issue.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

32. Reconciliation of cash flows from operating activities

	12 months ended 30 June 2021	12 months ended 30 June 2020
	\$'000	\$'000
Profit for the period	1,766	(3,450)
Adjustments for:		
Depreciation expense	5,162	5,041
(Gain) / loss on sale of fixed assets	-	(20)
Share-based payment expense	-	88
	<u>6,928</u>	<u>1,659</u>
Changes in:		
Trade and other receivables	1,911	3,094
Inventories	-	(1)
Current tax assets	866	(837)
Other assets	(2,572)	1,518
Deferred tax assets	(1,258)	1,578
Trade and other payables	770	(3,360)
Employee benefits	265	177
Provisions	104	-
Net cash from operating activities	<u>7,014</u>	<u>3,828</u>

33. Auditors' remuneration

	12 months ended 30-Jun-21	12 months ended 30 June 2020
Audit and review services		
Auditors of the Company - KPMG		
Audit and review of financial statements	<u>170,000</u>	<u>156,000</u>
	<u>170,000</u>	<u>156,000</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

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

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 2021 is set out as follows:

	12 months ended 30 June 2021	12 months ended 30 June 2020
	\$'000	\$'000
Statement of profit or loss and other comprehensive income and retained earnings		
Revenue	124,660	99,137
Direct transport and logistics expenses	(93,991)	(71,795)
Operating expenses	(27,343)	(27,661)
Finance costs	(1,273)	(1,440)
Profit/(loss) before tax	2,053	(1,759)
Income tax benefit/ (expense)	218	(1,808)
Profit/(loss) for the year	2,271	(3,567)
Total comprehensive income for the year, net of tax	2,271	(3,567)
Accumulated losses at beginning of year	(3,737)	(170)
Accumulated losses at end of year	(1,466)	(3,737)
Attributable to:		
Owners of the Company	2,279	(3,517)
Non-controlling interests	(8)	(50)
Profit/(loss) for the year	2,271	(3,567)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

34. Deed of cross guarantee (continued)

Statement of financial position	30 June 2021	30 June 2020
Assets	\$'000	\$'000
Cash and cash equivalents	7,602	6,496
Trade and other receivables	5,352	9,568
Inventories	120	120
Current tax assets	-	863
Other assets	3,536	1,302
Current assets	16,610	18,349
Financial assets	451	451
Property, plant and equipment	37,943	41,060
Deferred tax assets	1,258	-
Non-current assets	39,652	41,511
Total assets	56,262	59,860
Liabilities		
Trade and other payables	7,429	6,540
Loans and borrowings	10,220	9,780
Employee benefits	1,284	1,019
Provisions	127	23
Current tax liabilities	661	-
Current liabilities	19,721	17,362
Loans and borrowings	10,320	18,600
Employee benefits	211	150
Non-current liabilities	10,531	18,750
Total liabilities	30,252	36,112
Net assets	26,010	23,748
Equity		
Share capital	26,027	26,027
Reserves	1,449	1,458
Accumulated profit	(1,466)	(3,737)
Total equity	26,010	23,748

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

35. Parent entity disclosures

As at, and throughout, the financial reporting period ended 30 June 2021 the parent entity of the Group was Wiseway Group Limited.

	12 months ended 30 June 2021	12 months ended 30 June 2020
	\$'000	\$'000
Result of the parent entity		
Loss for the period	(65)	(3,463)
Total comprehensive loss for the period	<u>(65)</u>	<u>(3,463)</u>
Financial position of the parent entity at year end		
Current assets	854	854
Total assets	<u>23,683</u>	<u>23,748</u>
Total equity of the parent entity comprising of:		
Share capital	26,027	26,027
Share-based payments reserve	1,458	1,458
Accumulated losses	(3,802)	(3,737)
Total equity	<u>23,683</u>	<u>23,748</u>

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.

For personal use only

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 17 to 55 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 2021 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 34 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 and chief financial officer for the period ended 30 June 2021.

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

Dated at Sydney this 17th day of October 2021

For personal use only



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 30 June 2021 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 2021
- 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 the Company and the entities it controlled at the year-end or from time to time during the financial year ended 30 June 2021.

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 the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been

For personal use only

given to the Directors of Wiseway Group Limited, would be in the same terms if given to the Directors as at the time of this Auditor's Report.

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.

This matter was 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 this matter.

Revenue recognition of air freight forwarding services (\$106.2m)

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 84% of the Group's revenue from contracts with customers. <p>The Group has manual processes and controls which may increase the risk of potential bias, in particular in the last month of the reporting period. This increased our audit effort to test higher samples of freight revenue transactions in the last month of the reporting period.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> • We considered the relevant features of the underlying air freight forwarding services contract in assessing the Group's application of AASB 15 revenue recognition, including what the Group identified as performance obligations, against the criteria in the accounting standard and those in the Group's policy. • We selected a statistical sample of air freight forwarding revenue transactions during the year. We selected a higher statistical sample during the last month of the year due to the increased risk of potential bias. 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 customer and cash receipts obtained from the Group's bank statements; • checked the weight per the underlying sales invoice to underlying freight documents such as the waybill; and • checked the nature and date the revenue was recognised by the Group to the date of completion of freight forwarding services to underlying freight documents such as the waybill. • We assessed the disclosures in the financial report using our understanding obtained from our testing and against the requirements of AASB 15.

For personal use only

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 do not and 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 to 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; and
- 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 2021, 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 9 to 15 of the Directors' report for the year ended 30 June 2021.

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

18 October 2021

For personal use only

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 17 October 2021.

Distribution of shareholders

	Fully paid ordinary shares		
	Total holders	Shares	% Issued capital
1 - 1,000	19	5,133	0.00%
1,001 - 5,000	138	410,776	0.28%
5,001 - 10,000	56	429,695	0.30%
10,001 - 100,000	143	5,640,767	3.91%
100,001 - 9,999,999,999	52	137,732,398	95.50%
Total	408	144,218,769	100.00%

Substantial shareholders

Shareholder	Shares	% Issued capital
ROGER TONG	28,370,089	19.95
FLORENCE TONG	28,345,202	19.93
AZ GLOBAL CO., LIMITED	27,707,786	19.48
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	11,512,398	8.10
BNP PARIBAS NOMINEES PTY LTD ACF CLEARSTREAM	5,732,092	4.03

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 124,668 unlisted performance rights on issue held by 11 different persons. Of these rights, all have no exercise price and vest on the 31 October 2021 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

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES**Twenty largest shareholders**

Rank	Shareholder	Shares	% Issued capital
1	ROGER SHIGANG TONG	28,370,089	19.67
2	FLORENCE YANLI TONG	28,345,202	19.65
3	AZ GLOBAL CO., LIMITED	27,707,786	19.21
4	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	11,512,398	7.98
5	BNP PARIBAS NOMINEES PTY LTD ACF CLEARSTREAM	5,732,092	3.97
6	UBS NOMINEES PTY LTD	4,971,286	3.45
7	CS THIRD NOMINEES PTY LIMITED	4,132,160	2.87
8	MOGGS CREEK PTY LTD	3,922,577	2.72
9	PACIFIC CUSTODIANS PTY LIMITED	3,289,111	2.28
10	WEEWAC PTY LTD	1,397,000	0.97
11	REGNANS CAPITAL PTY LTD	1,256,233	0.87
12	PACIFIC CUSTODIANS PTY LIMITED	1,172,780	0.81
13	M & M WORLDWIDE GROUPS PTY LTD	957,970	0.66
14	HOPLITE CAPITAL PTY LIMITED	900,000	0.62
15	ZZL HOLDINGS PTY LTD	798,309	0.55
15	ZHIKUN TANG	798,309	0.55
16	JIM TONG	1,136,403	0.79
17	KEN TONG	1,131,642	0.78
18	GOLDEN FORTUNE SKY LIMITED	798,309	0.55
18	LAUREL CAPITAL PTY LTD	798,309	0.55
19	MR PAUL RICHARD ROBOTHAM	725,492	0.50
20	DEBUSCEY PTY LTD	525,000	0.36
TOTAL TOP 20 SHAREHOLDERS		130,378,457	90.40
REMAINING SHAREHOLDERS		13,840,312	9.60
TOTAL SHARES		144,218,769	100.00

WISEWAY GROUP LIMITED
ABN 26 624 909 682
CORPORATE DIRECTORY

Directors

Michael Hughes
Independent Non-Executive Chairman

Robert McNutt
Independent Non-Executive Director

Ken Tong
Non-Executive Director

Florence Tong
Executive Director and Managing Director

Brandon Teo
Independent Non-Executive Director

Company secretary

Roger Tong
Company Secretary

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

For personal use only