

WISEWAY GROUP LIMITED

ABN 26 624 909 682

APPENDIX 4E

PRELIMINARY FINAL REPORT

Details of the reporting period

Current reporting period: 16 March 2018 to 30 June 2019

Previous reporting period: Not applicable

Results for announcement to the market

Wiseway Group Limited ('Company') was incorporated on 16 March 2018 as a public company and was admitted to the Official List of the Australian Securities Exchange ('ASX') on 31 October 2018. The consolidated group results presented, being that of the Company and its subsidiaries, is for the period 16 March 2018 to 30 June 2019.

The Company's revenue from operations for the financial reporting period was \$116.9 million, including \$106.8 million from air freight of general cargo, \$3.2 million from perishables, \$3.0 million from road freight, \$2.4 million from imports and \$1.0 million from sea freight.

	30 June 2019 (\$'000)
Revenue from ordinary activities	116,944
Profit (loss) from ordinary activities after tax attributable to members	(1,663)
Net profit (loss) for the period attributable to members	(1,663)
	30 June 2019 (Cents)
Basic loss per share	(2.01)
Diluted loss per share	(2.01)

Dividends

There were no dividends recommended, declared or paid during the current reporting period.

Details of entities over which control has been gained

A group restructure commenced on 16 March 2018 and completed on 19 March 2018 resulted in the acquisition of 100% of Wiseway Logistics Pty Ltd (and its subsidiaries) by the Company.

	Wiseway Logistics Pty Ltd (\$'000)
Profit from ordinary activities after tax from 16 March 2018 to 30 June 2019	287
Profit from ordinary activities after tax from 1 July 2017 to 30 June 2018	1,162

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

Subsidiary	Country	Date of incorporation
Wiseway Logistics Limited	New Zealand	20 August 2018
Wiseway Logistics Hong Kong Limited	Hong Kong	6 December 2018
AirNex Pty Ltd	Australia	22 January 2019
Wiseway Shanghai International Logistics Company Limited	China	8 February 2019
AirNex Limited	New Zealand	8 May 2019

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APPENDIX 4E

Net tangible assets

30 June 2019 (Cents)

Net tangible assets per ordinary share

18.63

Audit qualification or review

The financial statements are currently being audited and an unqualified opinion is expected to be issued.

Attachments

The appendix 4E is provided in accordance with ASX Listing Rule 4.3A and is to be read in conjunction with the operating and financial review, preliminary final report of Wiseway Group Limited for the financial reporting period ended 30 June 2019 where additional disclosures are provided, and any market announcements made by the Company in accordance with continuous disclosure obligations.

The operating and financial review and preliminary final report are attached below.

Signed:

A handwritten signature in black ink, appearing to read 'Roger Tong', is positioned below the 'Signed:' text.

Roger Tong

Director

WiseWay Group Limited

Dated at Sydney this 26th day of August 2019

OPERATING AND FINANCIAL REVIEW**Incorporation**

The Company was incorporated in Victoria on 16 March 2018. The main operating company in the Group, Wiseway Logistics Pty Ltd ('WiseWay Logistics'), was incorporated in New South Wales on 22 January 2007.

Acquisition and incorporation of subsidiaries

A group restructure commenced on 16 March 2018 and completed on 19 March 2018 resulted in the acquisition of 100% of Wiseway Logistics Pty Ltd (and its subsidiaries) by the Company.

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

Subsidiary	Country	Date of incorporation
WiseWay Logistics Limited	New Zealand	20 August 2018
WiseWay Logistics Hong Kong Limited	Hong Kong	6 December 2018
AirNex Pty Ltd	Australia	22 January 2019
WiseWay Shanghai International Logistics Company Limited	China	8 February 2019
AirNex Limited	New Zealand	8 May 2019

Initial public offering ('IPO')

The Company was admitted to the Official List of the Australian Securities Exchange ('ASX') on 31 October 2018. \$20,000,000 was raised by the issue of 40,000,000 new ordinary shares each fully paid and \$6,072,091 for selling shareholders by the transfer of 12,144,182 existing fully paid ordinary shares, at an issue and sale price of \$0.50 per share pursuant to the offer under the prospectus dated 8 October 2018 issued by the Company and Wiseway Group SaleCo Limited ('Prospectus').

A further \$4.2 million of shares were issued by the Company either prior to or as part of the IPO process and includes shares issued in return for cash consideration, provision of services or nil consideration.

Property acquisitions and relocations

In December 2018, the Company committed to purchase an 8,900m² property, including 5,000m² of warehouse space, in Chipping Norton (Sydney) for \$10.75 million. The consideration for the new property was funded from existing cash reserves and a new debt facility established with the Company's current bank. Settlement on the new property occurred in March 2019.

In April 2019, the Company relocated to a 5,700m² property, including 1,200m² of warehouse space, located in the prime industrial area of Kewdale (Perth) within close proximity to all major transport linkages including rail, road and airport.

In May 2019, the Company commenced occupying a 2,500m² facility in the Airport Oaks precinct, a short distance from Auckland International Airport (New Zealand).

In June 2019, the Company relocated to a 3,800m² property, including approximately 1,700m² of warehouse space and 200m² of office space (total lettable area 1,883m²), located in the centrally located industrial area of Beverley (Adelaide) within close proximity to all major transport linkages including rail, road and airport.

OPERATING AND FINANCIAL REVIEW

RACA accreditation

From 1 March 2019, Wiseway became fully accredited and designated as a Regulated Air Cargo Agent ('RACA') allowing the Company to scan and examine outbound air cargo, which was mandatory for all outbound air cargo from that date. Wiseway's ability to scan and examine its own outbound air cargo, as well as offering the service to third parties, has generated incremental revenue and improved margins in the second half of FY19.

These investments in security and x-ray machines across Wiseway's national footprint of seven warehouses have established the foundations for future growth in capacity and capability.

Bonded warehouse capabilities

In April 2019, the Company's Thomastown (Melbourne) facility was granted a Depot Licence by the Department of Home Affairs, enabling Wiseway to have bonded warehouse capability in Melbourne, in addition to the existing bonded warehouse in Bankstown (Sydney). The application for bonded warehouse capability in the Company's Beverley (Adelaide) facility was recently approved. Applications for bonded warehouse capability in Brisbane and Perth are currently in progress.

The bonded warehouse capability has boosted the Company's import business, including import customs clearance of both e-commerce and general imports, deconsolidation of air and sea freight and distribution of that freight within Australia.

New Zealand

In April 2019, the Company expanded its operations into Auckland, New Zealand as part of its growth strategy. During its first quarter of operations, the Company's capital investment achieved RACA and MPI accreditation, and became a designated Customs Controlled Area (CCA) to commence operations with initial revenue contributed in FY19.

The Company anticipates that the granting of these accreditations will enable Wiseway's New Zealand operations to grow strongly in FY20 and beyond.

China

The Company's Shanghai office has assisted the Company's revenue growth in the second half and has established a foothold as an agile new entrant in the cross-border e-commerce market. The growth expected from Wiseway's China operations underpins the Company's expansion in both Australia and China, as a trusted logistics partner.

Financial review

The Company's pro-forma revenue for the financial year ended 30 June 2019 ('FY19') was \$94.5 million driven by outbound air freight volumes of approximately 71,000 tonnes resulting in a pro-forma EBITDA of \$2.8 million (including \$150,000 start-up costs for China and New Zealand operations).

The Company's revenue from operations for the financial reporting period was \$116.9 million, resulting in an after-tax loss of \$1.7 million. The results for the period were impacted by a combination of the following:

- lower than anticipated freight volume growth on the back of a subdued Chinese economy in the second half of the financial year;
- investment in new growth initiatives including Shanghai, China and Auckland, New Zealand and expanded operations in Australia (as mentioned above);
- increased staff numbers to support identified growth opportunities;
- higher occupancy costs associated with new and expanded facilities;
- development costs to become compliant for RACA accreditation as a result of new regulations;

OPERATING AND FINANCIAL REVIEW

Financial review (continued)

- development of bonded warehouses;
- increased consultancy costs due to public listed company listing requirements; and
- one-off costs associated with the IPO

Overall, the Company's first year result was heavily impacted by strategic expansion activities and one-off costs associated with the Company's IPO.

Outlook

In FY20, the Company will continue to focus on growing its customer base to increase freight volume. The Company has no further expansionary plans that require significant capital outlay, other than the remaining capital commitments of approximately \$2.1 million to renovate the Chipping Norton warehouse, install fumigation facilities and extra x-ray machines in Sydney and Melbourne and cool rooms in Perth.

Over the next 12 months, Wiseway anticipates that outbound dry cargo air-freight volumes from Australia will be stable in an environment of subdued economic growth. The sea freight, perishables and imports businesses are anticipated to be stronger, consistent with the Company's growth strategy. The New Zealand and China businesses are also anticipated to contribute to the Company's growth in FY20.

The Company anticipates that overall revenues in FY20 will be higher than those reported in the 12 months to 30 June 2019.

The Company is pleased with the improvement in gross margins that were achieved in the second half of FY19 as a result of its investment in ULD (aircraft unit loading devices) packaging facilities, as well as the positive impact of the introduction of RACA across the business. The Company anticipates that the gross margins achieved in FY19 will remain stable in FY20, assuming current business and trading conditions.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the period 16 March 2018 to 30 June 2019

	Note	2019 \$'000
Revenue	1	116,944
Direct expenses		<u>(91,585)</u>
Gross profit		25,359
Employee benefit expenses	2	(15,953)
Occupancy expenses		(3,079)
Depreciation expense	11	(1,848)
Share-based payments expense		(1,282)
Initial public offering costs recorded as expenses		(1,317)
Administration and other expenses		<u>(2,756)</u>
Operating loss		<u>(876)</u>
Finance costs	3	<u>(571)</u>
Loss before tax		<u>(1,447)</u>
Income tax expense	4	<u>(217)</u>
Loss for the period		<u>(1,664)</u>
Other comprehensive income		
Items that are or may be reclassified subsequently to profit or loss		
Foreign operations - foreign currency translation differences		<u>-</u>
Other comprehensive income for the period		<u>-</u>
Total comprehensive income for the period		<u>(1,664)</u>
Loss attributable to:		
Owners of the Company		(1,663)
Non-controlling interests	19	<u>(1)</u>
		<u>(1,664)</u>
Total comprehensive income attributable to:		
Owners of the Company		(1,663)
Non-controlling interests	19	<u>(1)</u>
		<u>(1,664)</u>
Earnings per share		
Basic earnings per share (cents)	5	(2.01)
Diluted earnings per share (cents)	5	(2.01)

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

WISEWAY GROUP LIMITED

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	Note	2019 \$'000
Assets		
Cash and cash equivalents	6	4,628
Trade and other receivables	7	11,393
Inventories	8	119
Current tax assets		515
Other assets	9	3,181
Current assets		19,836
Financial assets	10	812
Property, plant and equipment	11	25,138
Deferred tax assets	4	1,040
Non-current assets		26,990
Total assets		46,826
Liabilities		
Trade and other payables	12	9,990
Loans and borrowings	13	2,889
Employee benefits	14	993
Provisions	15	23
Current liabilities		13,895
Loans and borrowings	13	10,372
Non-current liabilities		10,372
Total liabilities		24,267
Net assets		22,559
Equity		
Share capital	16	22,579
Reserves		90
Retained earnings		(146)
Equity attributable to owners of the Company		22,523
Non-controlling interests	19	36
Total equity		22,559

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

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period 16 March 2018 to 30 June 2019

	Note	Share capital \$'000	Translation reserve \$'000	Share-based payments reserve \$'000	Retained earnings \$'000	Total \$'000	Non- controlling interests \$'000	Total equity \$'000
Balance at 16 March 2018		-	-	-	-	-	-	-
Comprehensive income								
Loss for the period		-	-	-	(1,663)	(1,663)	(1)	(1,664)
Other comprehensive income for the period		-	-	-	-	-	-	-
Total comprehensive income for the period		-	-	-	(1,663)	(1,663)	(1)	(1,664)
Transactions with owners of the Company								
Issue of ordinary shares	16	24,174	-	-	-	24,174	-	24,174
Transaction costs related to issue of share capital	16	(1,595)	-	-	-	(1,595)	-	(1,595)
Acquisition of subsidiaries	18	-	-	-	1,517	1,517	37	1,554
Share-based payments		-	-	90	-	90	-	90
Total transactions with the owners of the Company		22,579	-	90	1,517	24,186	37	24,223
Balance at 30 June 2019		22,579	-	90	(146)	22,523	36	22,559

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

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CONSOLIDATED STATEMENT OF CASH FLOWS

For the period 16 March 2018 to 30 June 2019

	Note	2019 \$'000
Cash flows from operating activities		
Cash receipts from customers		123,469
Cash paid to suppliers and employees		<u>(125,317)</u>
Cash generated from operating activities		(1,848)
Interest received	1	156
Interest paid	3	(571)
Income taxes paid		<u>(1,901)</u>
Net cash used in operating activities		<u>(4,164)</u>
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment		181
Acquisition of subsidiaries, net of cash acquired	18	2,273
Acquisition of land and buildings	11	(11,327)
Acquisition of property, plant and equipment	11	(7,077)
Acquisition of other investments		<u>(386)</u>
Net cash used in investing activities		<u>(16,336)</u>
Cash flows from financing activities		
Proceeds from issue of share capital	16	24,174
Proceeds from loans and borrowings	13	6,977
Transaction costs related to issue of share capital - expensed		(2,510)
Transaction costs related to issue of share capital - equity	16	(1,595)
Repayment of loans and borrowings	13	(987)
Payment of finance lease liabilities	13	<u>(931)</u>
Net cash from financing activities		<u>25,128</u>
Net increase in cash and cash equivalents		4,628
Cash and cash equivalents at 16 March 2018		-
Effect of movements in exchange rates on cash held		<u>-</u>
Cash and cash equivalents at 30 June 2019	6	<u>4,628</u>

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period 16 March 2018 to 30 June 2019

1. Revenue**a) Revenue streams**

The Group generates revenue primarily from the provision of freight forwarding services to its customers. Other sources of revenue include interest income from term deposits.

	2019
	\$'000
Revenue from contracts with customers	116,536
Other revenue	
Interest income	156
Other income	252
	<u>408</u>
Total revenue	<u>116,944</u>

b) Disaggregation of revenue from contracts with customers

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

	2019
	\$'000
Air freight - general cargo	106,824
Air freight - perishables	3,251
Sea freight	1,043
Road freight	3,038
General cargo and eCommerce imports	2,380
	<u>116,536</u>

2. Employee benefit expenses

	2019
	\$'000
Wages and salaries	10,097
Contractor costs	4,367
Contributions to superannuation funds	636
Expenses related to annual and long-service leave	278
Other employee benefit expenses	575
	<u>15,953</u>

3. Finance costs

	2019
	\$'000
Financial liabilities measured at amortised cost - interest expense	571
	<u>571</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period 16 March 2018 to 30 June 2019

4. Income taxes**a) Amounts recognised in profit or loss**

	2019
	\$'000
Current tax expense	
Current year	(15)
Changes in estimates to prior years	103
	<u>88</u>
Deferred tax expense	
Deferred tax benefit	129
Income tax expense	<u>217</u>

b) Reconciliation of effective tax rate

Loss before tax	<u>(1,447)</u>
Tax using the Group's domestic Australian tax rate of 30%	(434)
Tax effect of:	
Non-deductible expenses	419
Changes in estimates to prior years	103
Deferred tax benefit	129
	<u>217</u>

c) Movement in deferred tax balances

Share issue costs	760
Trade and other receivables	(190)
Employee benefits	297
Other	173
Deferred tax assets	<u>1,040</u>

5. 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.

	2019
	\$'000
Profit / (loss) attributable to ordinary shareholders (basic)	<u>(1,664)</u>
Weighted-average number of ordinary shares at 30 June 2019 (basic)	<u>82,764</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period 16 March 2018 to 30 June 2019

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

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

	2019
	\$'000
Profit / (loss) attributable to ordinary shareholders (diluted)	<u>(1,664)</u>
Weighted-average number of ordinary shares at 30 June 2019 (diluted)	<u>82,764</u>

6. Cash and cash equivalents

	2019
	\$'000
Bank balances	<u>4,628</u>
Cash and cash equivalents in the statement of financial position	<u>4,628</u>
Cash and cash equivalents in the statement of cash flows	<u>4,628</u>

7. Trade and other receivables

	2019
	\$'000
Trade receivables	8,811
Less: Provision for doubtful debts	<u>(297)</u>
Net trade receivables	8,514
Net GST receivables	2,503
Other receivables	<u>376</u>
	<u>11,393</u>

8. Inventories

	2019
	\$'000
Pallet inventory	<u>119</u>
Inventories	<u>119</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period 16 March 2018 to 30 June 2019

9. Other assets

	2019
	\$'000
Deposits	1,773
Prepayments	1,408
	<u>3,181</u>

10. Financial assets

	2019
	\$'000
Term deposits for bank guarantees	812
	<u>812</u>

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

11. Property, plant and equipment**a) Reconciliation of carrying amount**

	Land and buildings \$'000	Leasehold improvements \$'000	Plant and equipment \$'000	Motor vehicles \$'000	Total \$'000
Cost					
Balance at 16 March 2018	-	-	-	-	-
Acquisition of subsidiaries	-	1,881	721	9,634	12,236
Additions	11,327	4,286	1,113	1,678	18,404
Disposals	-	-	(2)	(369)	(371)
Balance at 30 June 2019	<u>11,327</u>	<u>6,167</u>	<u>1,832</u>	<u>10,943</u>	<u>30,269</u>
Accumulated depreciation and					
Balance at 16 March 2018	-	-	-	-	-
Acquisition of subsidiaries	-	(141)	(167)	(3,245)	(3,553)
Depreciation	(142)	(173)	(171)	(1,362)	(1,848)
Disposals	-	-	-	270	270
Balance at 30 June 2019	<u>(142)</u>	<u>(314)</u>	<u>(338)</u>	<u>(4,337)</u>	<u>(5,131)</u>
Carrying amounts					
At 30 June 2019	<u>11,185</u>	<u>5,853</u>	<u>1,494</u>	<u>6,606</u>	<u>25,138</u>

b) Leased plant and equipment

The Group leases motor vehicles under a number of finance leases. At 30 June 2019, the net carrying amount of leased motor vehicles was \$6.6 million.

During 2019, the Group acquired motor vehicles with a carrying amount of \$1.7 million under finance leases.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period 16 March 2018 to 30 June 2019

12. Trade and other payables

	2019
	\$'000
Trade payables	7,999
Other payables	1,991
	<u>9,990</u>

13. Loans and borrowings

	2019
	\$'000
Current liabilities	
Finance lease liabilities	2,612
Loans from related parties	277
	<u>2,889</u>
Non-current liabilities	
Finance lease liabilities	5,872
Secured bank loans	4,500
	<u>10,372</u>

a) Finance lease liabilities

Finance lease liabilities are payable as follows:

	Future minimum lease payments 2019 \$'000	Interest 2019 \$'000	Present value of minimum lease payments 2019 \$'000
Less than one year	2,994	(382)	2,612
Between one and five years	6,337	(465)	5,872
More than five years	-	-	-
	<u>9,331</u>	<u>(847)</u>	<u>8,484</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period 16 March 2018 to 30 June 2019

13. Loans and borrowings (continued)**b) Reconciliation of movements of liabilities to cash flows arising from financing activities**

	Liabilities			Total 2019 \$'000
	Secured bank loans	Finance lease liabilities	Loans from related parties	
	2019 \$'000	2019 \$'000	2019 \$'000	
Balance at 16 March 2018	-	-	-	-
Proceeds from loans and borrowings	4,500	2,477		6,977
Repayment of loans and borrowings		(931)	(987)	(1,917)
Total change from financing cash flows	4,500	1,546	(987)	5,060
Acquisition of subsidiaries	-	6,938	1,264	8,201
Balance at 30 June 2019	4,500	8,484	277	13,261

14. Employee benefits

	2019 \$'000
Liability for annual leave	389
Liability for long-service leave	104
Other employee benefit liabilities	500
	993

For details on the related employee benefit expenses, see Note 2.

15. Provisions

	2019 \$'000
Provision for make good expenses	23
	23

16. Capital and reserves**a) Share capital**

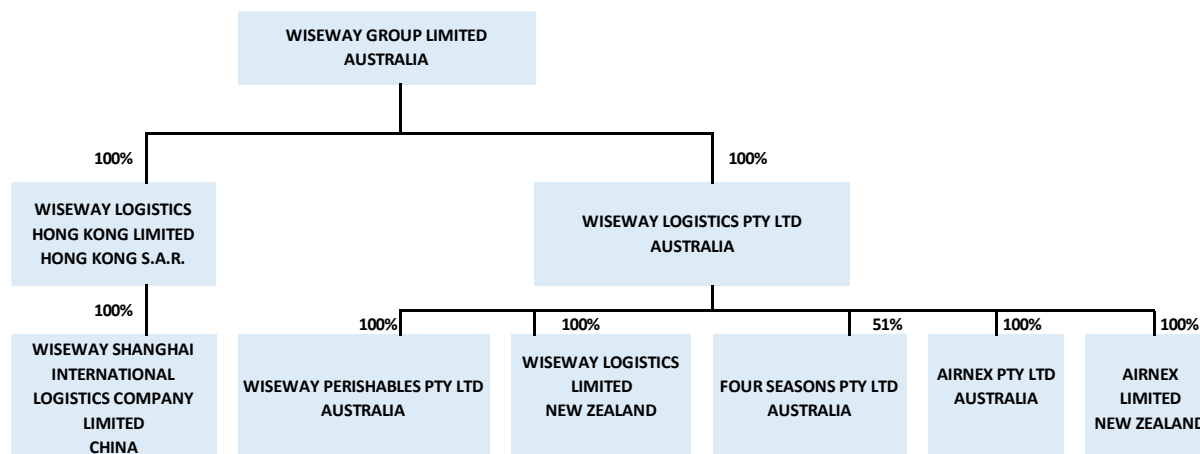
	2019 No.	2019 \$'000
Ordinary shares issued during the period	121,074,003	24,174
Share issue costs, net of tax	-	(1,595)
	121,074,003	22,579

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period 16 March 2018 to 30 June 2019

17. List of subsidiaries

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

**18. Acquisition of subsidiaries**

A group restructure commenced on 16 March 2018 and completed on 19 March 2018, resulted in the acquisition of 100% of Wiseway Logistics Pty Ltd ('Wiseway Logistics') and its subsidiaries by the Company. Consideration for the Company's acquisition of Wiseway Logistics was settled via script in the Company. All of the shareholders of Wiseway Logistics at that time received shares in the Company in the same proportion to their original shareholding in Wiseway Logistics.

The transaction has been treated in the financial statements as a business combination involving entities or businesses under common control, whereby all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination. Upon acquisition, the Company took on Wiseway Logistics' total net assets of \$1.5 million, which is recorded in retained earnings. The \$1.5 million of net assets included \$2.3 million of Wiseway Logistics' cash balances.

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

Subsidiary	Country	Date of incorporation
Wiseway Logistics Limited	New Zealand	20 August 2018
Wiseway Logistics Hong Kong Limited	Hong Kong	6 December 2018
AirNex Pty Ltd	Australia	22 January 2019
Wiseway Shanghai International Logistics Company Limited	China	8 February 2019
AirNex Limited	New Zealand	8 May 2019

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period 16 March 2018 to 30 June 2019

18. Acquisition of subsidiaries (continued)**Identifiable assets acquired and liabilities assumed**

The following table summarises the recognised amounts of assets and liabilities assumed at the date of acquisition of 100% of Wiseway Logistics (as described above).

	2019
	\$'000
Cash and cash equivalents	2,273
Trade and other receivables	6,454
Inventories	25
Financial assets	865
Property, plant and equipment	8,683
Deferred tax assets	63
Trade and other payables	(8,323)
Loans and borrowings	(8,201)
Employee benefits	(109)
Provisions	(21)
Current tax liabilities	(192)
Total identifiable net assets acquired	<u>1,517</u>

19. Non-controlling interests

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
	\$'000
Non-controlling interest %	<u>49%</u>
Revenue	1,523
Profit / (loss)	(2)
Other comprehensive income	-
Total comprehensive income	<u>(2)</u>
Profit / (loss) allocated to non-controlling interests	(1)
Other comprehensive income allocated to non-controlling interests	-
Current assets	382
Non-current assets	4
Current liabilities	(313)
Non-current liabilities	-
Net assets	<u>73</u>
Net assets attributable to non-controlling interests	36
Cash flows from operating activities	(267)
Cash flows from investment activities	(4)
Cash flows from financing activities	281
Net increase / (decrease) in cash and cash equivalents	<u>10</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period 16 March 2018 to 30 June 2019

20. Going concern basis for the financial report

The Group incurred a loss and had cash outflows from operating activities of \$1,664,000 and \$4,164,000 respectively for the financial reporting period ended 30 June 2019. These financial results were impacted by the strategic expansion activities and one-off costs associated with the Company's IPO, as described in the Operating and Financial Review. 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.