

# **GSTECHNOLOGIES LTD**

## **ANNUAL REPORT**

*For the financial year ended 31 March 2022*

# **GSTECHNOLOGIES LTD**

## **ANNUAL REPORT**

*For the financial year ended 31 March 2022*

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**DIRECTORS' STATEMENT**

*For the financial year ended 31 March 2022*

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**Board of Directors**



**Tone Goh, Executive Chairman**, holds a Bachelor of Science degree and an MBA in International Business from the University of San Francisco. He has more than 25 years' experience in corporate real estate advisory, asset management, finance and development and has held executive positions on the boards of a number of international companies specialising in mergers and acquisitions and the private equity industry.



**Jack Bai, Executive Director**, has over 30 years' experience in software development for the financial and telecommunication industries. He is a successful technology entrepreneur, who has successfully built and exited multiple companies, including in fintech and payment solutions. He is a co-founder of, and leads the development of, the Coalculus blockchain technology, which enables enterprise-ready blockchain-as-a-service to financial institutions and enterprises. He until recently held the role of Non-executive Director at iSentric Ltd (now IOUpay), an ASX-listed company.



**Shayne Tan, Executive Director**, holds a Bachelor of Business Management Degree from Singapore Management University and has more than five years of sales, operations and management experience, primarily involving distributed ledger technology in growth stage companies. He is Chief Marketing Officer for, and a co-founder of, the Coalculus blockchain platform.



**Galvin Bai, Executive Director**. Galvin has deep knowledge and vast experience of the workflow and processes of the payment and remittance business in Singapore and beyond. Some of Galvin's valuable work experiences were gained as Director of Business Development at Caliber Technology Private Limited. His thorough and exhaustive proficiency in Southeast Asia's remittance protocols and methodologies, as well as work-related contacts, will promote and facilitate coordination of plans to expand into Southeast Asia and beyond.



**Malcolm Groat, Non-executive Director**, is a Chartered Accountant and has a wide range of experience in corporate life, with roles as Chairman, Non-Executive Director, Chair of Audit, CEO, COO and CFO for several companies. He is an adviser on compliance and governance, strategy, and operational improvement, and managing the risks of rapid change.

**DIRECTORS' STATEMENT**

*For the financial year ended 31 March 2022*

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**Garies Chong, Non-Executive Director.** has more than 30 years experiences in the Information and Communications Technology (ICT) & Data Centre industries throughout Southeast Asia. He is currently the Chief Executive Officer of EMS Wiring Systems Pte Ltd (A wholly-owned subsidiary of GSTechnologies Ltd) a global integrated ICT Solution Provider. Garies' vast experiences in ICT network infrastructure, wireless, smart monitoring & security and M&E services in data centres for commercial, industrial, banking, government, education and healthcare has earned him many recognitions in the fields of ICT & Data Centres.

## **Directors' Report**

The Directors present their Annual Report on the affairs of GSTechnologies Ltd (the "Company" or "GST") and its subsidiaries collectively referred to as (the "Group"), together with the financial statements and auditor's report, for the year ending 31 March 2022.

### **Principal Activities**

The primary focus for the Group has, since early 2021, been on the GS Fintech Ltd and GS Fintech Pte. Ltd subsidiaries in the UK and Singapore respectively, and the Company's expansion into blockchain-related technologies applied to the financial services sector, specifically its plans to launch a borderless neobanking platform providing next-generation digital money solutions under the GS Money banner based on three initial use-cases: international money transfers, borderless accounts, and private stablecoin.

On 7 March 2022 the Company completed the acquisition of Angra Limited ("Angra"). Angra, which operates under the AngraFX brand name, is a UK Financial Conduct Authority ("FCA") approved Authorised Payment Institution ("API"), conducting fast, secure and low-cost foreign exchange business and payment services internationally.

GST's subsidiary, EMS Wiring Systems Pte. Ltd ("EMS Wiring Systems"), based in Singapore, provides optimal wireless, electronic cabling, security, and other solutions to clients operating in the infrastructure development space. EMS Wiring Systems has been supplying governments and large private organisations with intelligent building solutions for the last 30 years. Post period end on 17 July 2022 the Company entered into a binding agreement to sell EMS Wiring Systems to Teo Chiah Chiu Raphael, the Chairman of EMS.

### **Business Review**

A review of the business during the period and to date, including comments on future developments, is contained in the Chairman's Statement.

### **Dividends**

The Board believes that the interests of all stakeholders are best served by retaining capital within the Company and maintaining greater flexibility to be able to take advantage of, looking forward, the many attractive investment and business development opportunities open to GST at this time and over the next few years. GST is looking to generate long term value for shareholders in a sustainable manner. As a

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**GSTECHNOLOGIES LTD.**

**DIRECTORS' STATEMENT**

*For the financial year ended 31 March 2022*

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result, GST's dividend policy for this financial year is not to pay dividends to shareholders, but rather meet their interests by creating value that leads to capital growth.

**Subsequent Events**

On 17 July 2022, the Company entered into a binding agreement to sell its subsidiary, EMS Wiring Systems to Teo Chiah Chiu Raphael, the Chairman of EMS. Consideration for the disposal comprises the return of the 60,000,000 GST shares held by Raphael Teo to the Company. The disposal will enable the Group to focus solely on its stated strategy of building a blockchain-enabled neobanking business, removing a loss-making, no longer core, subsidiary.

**Financial Instruments**

The Group's financial instruments primarily comprise cash, cash equivalents, and other instruments such as trade receivables and payables, which arise directly from its operations. Note 27 to the accounts gives details of the Group's risks and policies regarding financial instruments.

**Directors' statement as to disclosure of information to the auditor**

The Directors at the date of approval of this report confirm that:

- to the best of their knowledge and belief, there is no relevant audit information of which the Group's auditor is unaware; and
- the Directors have taken all the steps that might reasonably be expected to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

On behalf of the Board



Tone Goh

Executive Chairman

27 July 2022

**DIRECTORS' STATEMENT**

*For the financial year ended 31 March 2022*

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**Chairman's Statement**

During the year, the primary focus of the Group was on developing the 'GS Fintech' subsidiaries in the UK and Singapore, established just before the start of the financial year. This involves the Company's expansion into blockchain-related technologies, specifically its plans to launch a borderless neobanking platform providing next-generation digital money solutions. This expansion was undertaken whilst still retaining sufficient focus on our EMS Wiring Systems Pte Ltd ("EMS Wiring Systems") business as it recovered from the worst of the Covid-19 pandemic.

*GS Fintech*

In May 2021 the Company entered into a collaboration agreement with Wise MPay Pte, Ltd ("Wise MPay"), the Singaporean blockchain payment solution provider, with a view to Wise MPay providing the Company with software and services to facilitate the Company's fintech plans. Under the agreement, Wise MPay is supplying the Company with a number of standard and bespoke software packages which include, inter alia, software to enable the Company to establish a remittance portal (GSend), an eWallet app (GS Money), Know Your Client (KYC) administration and an encryption engine. These software packages being supplied by Wise MPay are being integrated on the Company's cloud server, together with software supplied by the Company and third-party payment gateway packages.

Additionally, Wise MPay supplied during the year four enterprise blockchain consensus nodes that came with 25 million stake tokens each, based on the Coalculus blockchain platform, to enable transaction validation on the Coalculus network for transactions undertaken by GST's proposed customers in US dollars, Euros, Sterling and Chinese Yuan. On 30 November 2021, we reported that we had successfully tested all four of the enterprise chains provided by Wise MPay, together with implementing a mainnet upgrade on the Coalculus platform, provided by Wise MPay. This marked the launch of the GS Money protocol. This was followed on 17 December 2021 by GST receiving 100 million COAL tokens from Wise MPay and the enabling of the COAL token staking capability on four full nodes managed by the Company. The web remittance portal and complex blockchain e-wallet application is currently under development in conjunction with Wise MPay.

The four digital currencies are strictly pegged to the US Dollar, the Pound, the Euro and the Yuan which has allowed GST to carry out transactions through blockchain ledgers, which can be used in place of wire transfers that generally take several days to complete. The four enterprise chains work alongside

## **GSTECHNOLOGIES LTD.**

### **DIRECTORS' STATEMENT**

*For the financial year ended 31 March 2022*

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one another to form a decentralised and highly efficient multicurrency cross border payment system for digital transactions that utilise the Coalculus blockchain ledger technology. Additionally, each enterprise chain's total supply will allow GST to issue up to 10 billion digital currency units.

The future roll-out of GS Money is intended to be focused on three initial use-cases: international money transfers, borderless accounts and private stablecoins. GS Money will initially be used in restricted cross-border payment testing before being gradually expanded to include commercial activities. Ultimately it is intended that GS Money will also be focused on private stablecoin. The objective is to establish public trust, maintain stability, and enable claims backed by reserves. By establishing a private stablecoin ecosystem, GST intends to encourage market players to allow transactions to settle in GS Money digital currencies, as well as be integrated into various other payment services. The Company is aware of the regulatory treatment of GS Money's stablecoins and is exploring the possibility of providing the proposed services in strategic jurisdictions, including the UK.

On 7 March 2022, just before the period end, we were delighted to complete the acquisition of Angra Limited ("Angra"), a UK-based foreign exchange and payment services company. This followed the UK Financial Conduct Authority ("FCA") approval for the change of control of Angra.

Angra, which operates under the AngraFX brand name, is an established FCA approved Authorised Payment Institution ("API"), conducting fast, secure and low-cost foreign exchange business and payment services internationally. We intend to utilise Angra as the basis on which to build the UK arm of the Group's planned blockchain-enabled neobanking business. Since the completion of the acquisition Angra has been successfully integrated within the Group and is trading in line with the GST Board's expectations.

To further enhance the Group's neobanking offerings, the Company announced on 20 January 2022 that it had entered into a legally binding sale and purchase agreement to acquire the whole of the issued share capital of UAB Glindala ("Glindala"), a holder of a Crypto Currency Exchange Licence registered in Lithuania. Glindala's Crypto Currency Exchange Licence is supervised by the Lithuanian Financial Crime Investigation Service ("FCIS") and completion of the acquisition is subject only to the approval of the FCIS. The Company understands that approval will be granted shortly upon the completion of certain administrative matters by the Lithuanian authorities. The Company believes the exchange will be a significant enabler for its GS Money stablecoin business, forming the third pillar for GS Money, and will integrate well with Angra and its other activities.



## **GSTECHNOLOGIES LTD.**

### **DIRECTORS' STATEMENT**

*For the financial year ended 31 March 2022*

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During the year the Company has made significant progress in implementing its stated strategy to roll-out a suite of offerings under its GS Money and this progress has continued at a rapid pace post period end.

#### *EMS Wiring Systems*

Following the unprecedented events in the previous financial year with the onset of the Covid-19 pandemic, 2021/22 was a year of gradual recovery for our EMS Wiring Systems business as the worst of the pandemic receded. EMS Wiring Systems remained a predominantly Singapore focused business providing wireless, electronic cabling, security, and other solutions to clients operating in the infrastructure development space. Whilst its revenue for the year recovered to US\$4.19 million (2021: US\$2.83 million), it continued to be loss making and made a net loss of US\$0.56 million (2021: net loss of US\$0.13 million, after receiving US\$0.58 million of Covid-19 related financial assistance from the Singapore Government).

Post period end on 18 July 2022 the Company announced that on 17 July 2022, it had entered into a binding agreement to sell EMS Wiring Systems, to Teo Chiah Chiu Raphael (“Raphael Teo”), the Chairman of EMS. The consideration payable by Raphael Teo for the entire issued share capital of EMS Wiring Systems, which is currently held by the Company, will be the transfer to the Company, by way of a share buyback, of 60,000,000 ordinary shares in GST held by him. The Company intends to hold the consideration shares in treasury for future issue or cancellation in due course. Completion of the disposal is conditional, *inter alia*, on completion of the buyback of the consideration shares, and the Company and EMS Wiring Systems entering into a deed of agreement to waive all outstanding liabilities between the Company and EMS Wiring Systems.

We look forward to completing the disposal shortly, which is in line with our strategy to concentrate on our blockchain enabled neobanking activities. In particular, it removes a lossmaking subsidiary from the Group, that is not part of our future plans, and will enable us to focus all our resources on accelerating the roll out of our suite of GS Money offerings.

#### *Fund Raising*

During the year the Company undertook three fund raises, each pleasingly at incrementally higher prices to fund its fintech expansion plans: on 6 September 2021 the Company raised gross proceeds of £1.41 million through a placing of 141,500,000 ordinary shares at a price of 1.0p per share; on 19 November

## **GSTECHNOLOGIES LTD.**

### **DIRECTORS' STATEMENT**

*For the financial year ended 31 March 2022*

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2021, with a placing of 50,000,000 ordinary shares at a price of 2.0p per share, the Company raised gross proceeds of £1.00 million; and on 11 January 2022 a placing and subscription raised gross proceeds of £1.33 million through the issue of 63,576,190 ordinary shares at a price of 2.1p per share.

#### *Management Changes*

In October 2021 we were delighted to announce that Mr Bai GuoJin (“Jack Bai”), an existing Executive Director, was appointed as the Company’s new Chief Executive Officer. Jack Bai, who joined the GST board in January 2021, has over 30 years’ experience in software development for the financial and telecommunication industries. He is a successful technology entrepreneur, who has successfully built and exited multiple companies, including in fintech and payment solutions. He is a co-founder of Wise MPay, the Company’s collaboration partner, and leads the development of the Coalculus blockchain technology. He is leading the Group’s blockchain technology activities and its plans to launch a borderless neobanking platform providing next-generation digital money solutions.

Later in October 2021, we were also delighted to announce that Mr. Tan Guan Han, Shayne (“Shayne Tan”), an existing Executive Director, was appointed as the Company’s new Chief Operating Officer. Shayne Tan, who joined the GST board in January 2021, holds a Bachelor of Business Management Degree from Singapore Management University and has more than five years of sales, operations, and management experience in growth-stage companies operating exclusively within the blockchain and cryptocurrency sector. He is, alongside Jack Bai, a co-founder of the Coalculus blockchain platform.

The Company’s board was further strengthened from 1 March 2022 with the appointment of Mr Bai Zhencong (“Galvin Bai”) as an Executive Director of the Company. Galvin Bai has over 15 years’ experience in a variety of business development and process implementation roles, including at All Best Enterprise Pte Ltd, the Singapore based regulated money transfer and exchange company. Galvin has considerable experience of the workflows and processes involved in payment and remittance businesses, including the implementation of Know Your Client (“KYC”) and Anti-Money Laundering (“AML”) processes. Galvin has a degree in Manufacturing Engineering from Boston University in the USA.

#### *Summary*

The year to 31 March 2022 was a pivotal one for the Company and one in which we made great progress in implementing our strategy to drive forward our GS Fintech plans. With the signing of the collaboration agreement with Wise Mpay we have been able to access the required knowledge and

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**DIRECTORS' STATEMENT**

*For the financial year ended 31 March 2022*

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resources to build a world-class blockchain-enabled neobanking platform. The acquisition of Angra, completed just before the end of the financial year, has added an established UK platform for our activities and coupled with the anticipated completion of the acquisition of Glindala shortly we believe we are very well positioned for the next stage of our development with the role out of our GS Money offerings commercially.

In closing I would like to take the opportunity to thank all our staff for their outstanding commitment and hard work during the year, and our shareholders for their continuing support. GST has come a long way in a very short period of time and I believe we are very well positioned to roll out our borderless neobanking platform. Following the completion of the disposal of EMS Wiring Systems the Group will be able to focus all its resources on developing its blockchain enabled neobanking activities and it will be a 'pure play' fintech group. I look forward to the remainder of 2022 and beyond with confidence.

**Tone Kay Kim GOH**

**Chairman**

## **GSTECHNOLOGIES LTD.**

### **DIRECTORS' STATEMENT**

*For the financial year ended 31 March 2022*

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#### **FINANCIAL REVIEW**

The Group's financial statements include a full 12-month contribution from EMS Wiring Systems and Angra has been consolidated from 7 March 2022.

#### **Income Analysis**

For the 12-months ended 31 March 2022 the Company had operating revenue of US\$4.24 million (2021: US\$2.83 million). The Group's operating loss before tax for the financial year is US\$1.43 million, compared to the operating loss incurred in previous financial year of US\$0.50 million. In addition, the Group received grants and other income during the year of US\$0.24 million (2021: US\$0.58 million), leading to total income recognised in the year of US\$4.47 million (2021: US\$3.41 million).

Angra for the period from 7 March to 31 March 2022 had US\$10.28 million in transaction volume, which contributed US\$0.05 million in revenue to the Group. EMS Wiring Systems, despite slowly recovering sales to record US\$4.19 million for the year (2021: US\$2.83 million), remained loss making due to margin pressures, bad debts and the requirement for continued research and development.

#### **Balance Sheet Analysis**

Net assets as at 31 March 2022 amounted to US\$6.01 million (2021: US\$1.82 million).

As at 31 March 2022, the Group had available cash of US\$5.10 million, an increase of US\$3.36 million from the preceding financial year (2021: US\$1.74 million) due to new share issuance proceeds during the year.

The Directors believe that the Group is in a stable financial position and has the financial resources to enable it to expand and grow its current operations and meet all its current liabilities, together with the ability to access further capital should an appropriate need arise.

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

*For the financial year ended 31 March 2022*

	Notes	<u>2022</u> US\$'000	<u>2021</u> US\$'000
<b>Net operating income</b>			
Sales	6	4,238	2,830
Other income		236	578
		<u>4,474</u>	<u>3,408</u>
<b>Net operating expense</b>			
Continuing Operations	7	(5,903)	(3,903)
Foreign exchange loss		(1)	(0)
<b>Operating loss</b>		<u>(1,430)</u>	<u>(495)</u>
Income tax expense		-	5
<b>Net loss for the year</b>		<u>(1,430)</u>	<u>(490)</u>
<b>Other comprehensive loss</b>			
Movement in foreign exchange reserve		(105)	156
<b>Total comprehensive loss for the year</b>		<u>(1,535)</u>	<u>(334)</u>
<i>Net Loss for the year attributable to:</i>			
Equity holders for the parent		(1,430)	(490)
Non-controlling interest		-	-
<i>Total comprehensive loss for the year attributable to:</i>			
Equity holders for the parent		(1,535)	(334)
Non-controlling interest	21	-	-
<i>(Loss)/Earnings per share attributable to members of the Parent</i>			
Basic (loss) per share	10	(0.00106)	(0.00041)
Diluted (loss) per share	10	(0.00105)	(0.00041)

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

*As at 31 March 2022*

	Notes	<u>2022</u> US\$'000	<u>2021</u> US\$'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	12	5,104	1,742
Trade and other receivables	13	2,445	2,081
Other Assets		299	299
Work in progress	16	32	193
Inventories	14	16	18
<b>Total current assets</b>		<u>7,896</u>	<u>4,333</u>
<b>Non-current assets</b>			
Property, plant and equipment	15	270	275
Intangible Assets	17	44	6
<b>Total non-current assets</b>		<u>314</u>	<u>281</u>
<b>TOTAL ASSETS</b>		<u>8,210</u>	<u>4,614</u>
<b>EQUITY</b>			
Share Capital	20	7,795	2,077
Reserves		(815)	(710)
Retained Earnings		(973)	457
<b>Total Equity</b>		<u>6,007</u>	<u>1,824</u>
Equity attributable to owners of the parent		6,007	1,824
Non-controlling equity interest	21	-	-
		<u>6,007</u>	<u>1,824</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	22	894	1,006
Lease Liabilities	15	66	129
Loans payable	23	502	445
<b>Total current liabilities</b>		<u>1,462</u>	<u>1,580</u>
<b>Non-current liabilities</b>			
Lease Liabilities	15	42	-
Loans payable	23	699	1,210
<b>Total current liabilities</b>		<u>741</u>	<u>1,210</u>
<b>Total Liabilities</b>		<u>2,203</u>	<u>2,790</u>
<b>TOTAL EQUITY &amp; LIABILITIES</b>		<u>8,210</u>	<u>4,614</u>

**CONSOLIDATED STATEMENT OF CASH FLOWS**

*For the financial year ended 31 March 2022*

	Notes	<u>2022</u> US\$'000	<u>2021</u> US\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Loss before taxation from operations</b>		(1,430)	(495)
<b>Adjustments:</b>			
Depreciation of property, plant and equipment		162	180
Exchange loss		(0)	-
Goodwill		(38)	-
<b>Operating loss before working capital changes</b>		<u>(1,306)</u>	<u>(315)</u>
Decrease/(Increase) in inventories		2	(5)
Decrease/(Increase) in trade and other receivables		(364)	(880)
Decrease in capital work in progress		161	54
(Decrease)/Increase in trade and other payables		(251)	285
<b>Net cash flow used in operating activities</b>		<u>(1,758)</u>	<u>(861)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Addition property, plant and equipment		(159)	(160)
Proceeds from disposal of property, plant and equipment		-	-
<b>Net cash flow from investing activities</b>		<u>(159)</u>	<u>(160)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Issuance of new shares		5,718	273
Principal elements of lease payments		118	118
Increase in loans payable		(454)	1,655
Forex reserves		(103)	156
<b>Net cash flow from financing activities</b>		<u>5,279</u>	<u>2,202</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<u>3,362</u>	<u>1,181</u>
<b>Cash and cash equivalents at beginning of the year</b>		<u>1,742</u>	<u>561</u>
<b>Cash and cash equivalents at end of the year</b>	12	<u>5,104</u>	<u>1,742</u>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

*For the financial year ended 31 March 2022*

<b>2022 CONSOLIDATED</b>	<b>Notes</b>	<b>Shareholder Capital US\$'000</b>	<b>FX Reserve US\$'000</b>	<b>Retained Earnings US\$'000</b>	<b>Total US\$'000</b>
<b>Balance at 1 April 2021</b>		<b>2,077</b>	<b>(710)</b>	<b>457</b>	<b>1,824</b>
<b>Comprehensive Income</b>					
Loss for the year		-	-	(1,430)	(1,430)
Other comprehensive loss for the year		-	(105)	-	(105)
<b>Total comprehensive loss for the year</b>		<b>-</b>	<b>(105)</b>	<b>(1,430)</b>	<b>(1,535)</b>
<b>Transactions with owners in their capacity as owners:</b>					
Shares issued during the year	20	5,718	-	-	5,718
		5,718	-	-	5,718
<b>Balance at 31 March 2022</b>		<b>7,795</b>	<b>(815)</b>	<b>(973)</b>	<b>6,007</b>

<b>2021 CONSOLIDATED</b>		<b>Shareholder Capital US\$'000</b>	<b>FX Reserve US\$'000</b>	<b>Retained Earnings US\$'000</b>	<b>Total US\$'000</b>
<b>Balance at 1 April 2020</b>		<b>1,804</b>	<b>(866)</b>	<b>947</b>	<b>1,885</b>
<b>Comprehensive Income</b>					
Loss for the year		-	-	(490)	(490)
Other comprehensive loss for the year		-	156	-	156
<b>Total comprehensive loss for the year</b>		<b>-</b>	<b>156</b>	<b>(490)</b>	<b>(334)</b>
<b>Transactions with owners in their capacity as owners:</b>					
Shares issued during the year		273	-	-	273
		273	-	-	273
<b>Balance at 31 March 2021</b>		<b>2,077</b>	<b>(710)</b>	<b>457</b>	<b>1,824</b>



**1. General Information**

**1.1 Corporate information**

The consolidated financial statements of GSTechnologies Ltd (the “Company”) and its subsidiaries (collectively referred to as the “Group”) for the financial year ended 31 March 2022 were authorised for issue in accordance with a resolution of the Directors on 27 July 2022. The shares of the Company are publicly traded on the London Stock Exchange.

The registered office of GSTechnologies Ltd, the ultimate parent of the Group, is Ritter House, Wickhams Cay II, Tortola VG1110, British Virgin Islands.

The principal activity of the Group is data infrastructure, storage and technology services.

**2. Basis of preparation**

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) as adopted by the European Union (EU) as they apply to the financial statements of the Group for the year ended 31 March 2022.

The consolidated financial statements have been prepared on a historical cost convention basis, except for certain financial instruments that have been measured at fair value. The consolidated financial statements are presented in US dollars and all values are rounded to the nearest thousand except when otherwise indicated.

**2.1 Consolidation**

The consolidated financial statements comprise the financial statements of the Group as at 31 March 2022, and for the year then ended.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases.

The financial statements of the subsidiaries are prepared for the same reporting period as the GSTechnologies Ltd. (parent company), using consistent accounting.

All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Total comprehensive income within a subsidiary is attributed to the non-controlling interest even if it results in a deficit balance. A change ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

*Business Combinations*

Business combinations occur where an acquirer obtains control over one or more businesses. A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is attained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exceptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not re-measured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is re-measured in each reporting period to

**2. Basis of preparation** *(continued)*

**2.1 Consolidation**

fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to business combinations are expensed to the statement of comprehensive income. The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

**3. Significant accounting judgements, estimates and assumptions**

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes would differ from these estimates if different assumptions were used and different conditions existed.

In particular, the Group has identified the following areas where significant judgements, estimates and assumptions are required, and where actual results were to differ, may materially affect the financial position or financial results reported in future periods. Further information on these and how they impact the various accounting policies is located in the relevant notes to the consolidated financial statements.

**Going concern**

This report has been prepared on the going concern basis, which contemplates the continuation of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

At 31 March 2022, the Group held cash reserves of \$5.10 million (2021: 1.74 million).

The Directors believe that there are sufficient funds to meet the Group's working capital requirements.

The Group recorded a loss of US\$1.43 million for the year ended 31 March 2022 and had net assets of US\$6.01 million as at 31 March 2022 (2021: loss of \$0.49 million and net assets of US\$1.82 million).

With the disposal of the unprofitable subsidiary EMS, the continuing subsidiaries will be Angra Ltd and GS Fintech subsidiaries which are expected to contribute profit to the Group.

**Accruals**

Management have used judgement and prudence when estimating certain accruals for contractor claims. The accruals recognised are based on work performed but are before settlement.

**Contingencies**

By their nature, contingencies will only be resolved when one or more uncertain future events occur or fail to occur. The assessment of the existence, and potential quantum, of contingencies inherently involves the exercise of significant judgement and the use of estimates regarding the outcome of future events. Please refer to Note 25 for further details.

**3. Significant accounting judgements, estimates and assumptions (continued)**

**Contingencies (continued)**

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions

and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

*Judgements made in applying accounting policies*

Management is of the opinion that there are no significant judgements made in applying accounting estimates and policies that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

*Key sources of estimation uncertainty*

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

*Provision for expected credit losses (ECL) on trade receivables and contract assets*

ECLs are unbiased probability-weighted estimates of credit losses which are determined by evaluating a range of possible outcomes and taking into account past events, current conditions and assessment of future economic conditions.

The Company uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns. The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust historical credit loss experience with forward-looking information. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The carrying amount of the Company's trade receivables at the end of the reporting period is disclosed in Note 13 to the financial statements.

*Revenue recognition*

The Company uses the percentage-of-completion method to account for its contract revenue. The stage of completion is measured in accordance with the accounting policy stated in Note 5. Significant assumptions are required in determining the stage of completion, the extent of the contract cost incurred, the estimated total contract cost and the recoverability of the contracts. In making these assumptions, management has relied on past experience and the work of specialists.

**3. Significant accounting judgements, estimates and assumptions** *(continued)*

**Contingencies** *(continued)*

Significant judgement is also required to assess allowance made for foreseeable losses, if any, where the contract cost incurred for any job exceeds its contract sum. The carrying amounts of contract balances at the reporting date are disclosed in Note 16 to the financial statements.

*Allowance for inventory obsolescence*

The Company reviews the ageing analysis of inventories at each reporting date and makes provision for obsolete and slow-moving inventory items identified that are no longer suitable for sale. The net realisable value for such inventories are estimated based on the most reliable evidence available at the reporting date. These estimates take into consideration market demand, competition, selling price and cost directly relating to events occurring after the end of the financial year to the extent that such events confirm conditions existing at the end of the financial year. Possible changes in these estimates could result in revisions to the valuation of inventories. The carrying amounts of the Company's inventories at the reporting date are disclosed in Note 14 to the financial statements.

**4. Adoption of new and amended standards and interpretations**

The Group adopted all of the new and revised Standards and Interpretations issued by the IASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 April 2021. It has been determined by the Group, there is no impact, material or otherwise, of the new and revised standards and interpretations on its business and therefore no change is necessary to Group accounting policies.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

**5. Summary of significant accounting policies**

**Plant and equipment**

Plant and equipment are shown at cost less accumulated depreciation and impairment losses. The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, any incidental cost of purchase, and associated borrowing costs. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset. Directly attributable costs include employee benefits, professional fees and costs of testing whether the asset is functioning properly. Capitalised borrowing costs include those that are directly attributable to the construction of assets.

Property, plant and equipment relate to plant, machinery, fixtures and fittings and are shown at historical cost less accumulated depreciation and impairment losses. Depreciation of property, plant and equipment are computed on a straight line basis over the estimated useful life of the assets.

The depreciation rates applied to each type of asset are as follows:

Plant and machinery	2 to 10 years
Motor Vehicles	2 to 10 years
Fixtures and fittings	3 years
Lease Improvements	5 years

Subsequent expenditure is capitalised when it is probable that future economic benefits from the use of the asset will be increased. All other subsequent expenditure is recognised as an expense in the period in which it

**5. Summary of significant accounting policies (continued)**

**Plant and equipment (continued)**

is incurred. Assets that are replaced and have no future economic benefit are derecognised and expensed through profit or loss. Repairs and maintenance which neither materially add to the value of assets nor appreciably prolong their useful lives are charged against income. Gains/ losses on the disposal of fixed assets are credited/charged to income. The gain or loss is the difference between the net disposal proceeds and the carrying amount of the asset.

The asset's residual values, useful lives and methods of depreciation are reviewed at each reporting period and adjusted prospectively if appropriate.

**Inventories**

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

**Financial instruments**

(a) Financial assets

(i) Classification, initial recognition and measurement

The Company classifies its financial assets into the following measurement categories: amortised cost; fair value through other comprehensive income (FVOCI); and fair value through profit or loss (FVPL).

Financial assets are recognised when, and only when the entity becomes party to the contractual provisions of the instruments.

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial assets. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Trade receivables are measured at the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

(ii) Subsequent measurement

*Debt instruments*

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the contractual cash flow characteristics of the asset. The Company only has debt instruments at amortised cost.

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through the amortisation process.

**5. Summary of significant accounting policies (continued)**

**Financial instruments (continued)**

Debt instruments of the Company comprise cash and cash equivalents and trade and other receivables.

*Equity instruments*

On initial recognition of an investment in equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in fair value in other comprehensive income which will not be reclassified subsequently to profit or loss. Dividends from such investments are to be recognised in profit or loss when the Company's right to receive payments is established. For investments in equity instruments which the Company has not elected to present subsequent changes in fair value in other comprehensive income, changes in fair value are recognised in profit or loss.

(iii) **Derecognition**

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income for debt instruments is recognised in profit or loss.

(b) **Financial liabilities**

(i) **Initial recognition and measurement**

Financial liabilities are recognised when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at FVPL, directly attributable transaction costs.

(ii) **Subsequent measurement**

After initial recognition, financial liabilities that are not carried at FVPL are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Financial liabilities measured at amortised cost comprise trade and other payables.

(iii) **Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

**Offsetting**

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

### **Cash and cash equivalents**

Cash and cash equivalents comprise cash balances and short-term deposits that are readily convertible to known amount of cash and that are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments. For the purpose of the statement of cash flows, pledged deposits are excluded whilst bank overdrafts that are repayable on demand and that form an integral part of the Company's cash management are included in cash and cash equivalents.

### **Impairment**

#### Financial Assets

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at FVPL and contract assets. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment which could affect debtors' ability to pay.

The Company considers a financial asset in default when contractual payments are past due for more than 90 days. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

#### Non-financial assets

The carrying amounts of the Company's non-financial assets, other than inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. For the purpose of impairment testing, the recoverable amount is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs. If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

**5. Summary of significant accounting policies (continued)**

**Impairment (continued)**

An impairment loss for an asset other than goodwill is reversed only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss.

**Trade and other payables**

Trade and other payables are non-derivative financial liabilities that are not quoted in an active market. It represents liabilities for goods and services provided to the Group prior to the year end and which are unpaid. These amounts are unsecured and have 7-30 day payment terms. Trade and other payables are presented as current liabilities unless payment is not during within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

**Interest-bearing loans and borrowings**

Interest-bearing loans and borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost using the effective interest (EIR) method. The fair value implies the rate of return on the debt component of the facility. This rate of return reflects the significant risks attaching to the facility from the lenders' perspective.

**Determination of Fair Values**

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

*Trade and other receivables*

The fair values of trade and other receivables are estimated as the present value of future cash flows, discounted at the market rate of interest at the measurement date. Current receivables with no stated interest rate are measured at the original invoice amount if the effect of discounting is immaterial. Fair value is determined at initial recognition and, for disclosure purposes, at each annual reporting date.

*Non-derivative financial liabilities*

Non-derivative financial liabilities are measured at fair value at initial recognition and for disclosure purposes, at each annual reporting date. Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the measurement date.

*Other financial assets and liabilities*

The carrying amount of financial assets and liabilities with a maturity of less than one year is assumed to approximate their fair values.



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

*For the financial year ended 31 March 2022*

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**Provisions**

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax amount that reflects current market assessments of the time value of money, and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

**Finance income**

Interest income is made up of interest received on cash and cash equivalents.

**Income tax**

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred income tax is provided using the balance sheet method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences. Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses, can be utilised, except:

- In respect of deductible temporary differences associated with investments in subsidiaries, deferred income tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will be available to allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

**5. Summary of significant accounting policies (continued)**

**Foreign currencies**

*i) Functional and presentation currency*

The consolidated financial statements are presented in US dollars, which is the Group's presentation currency.

*ii) Transaction and Balances*

Transactions in foreign currencies are initially recorded in the functional currency at the respective functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the spot rate of exchange ruling at the reporting date. All differences are taken to the profit or loss, should specific criteria be met.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

*iii) Group Companies*

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented as translated at the closing rate at the date of the statement of financial position.
- Income and expenses for each income statement and statement of profit or loss and other comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transactions dates, in which case income and expenses are translated at the dates of the transactions), and
- All resulting exchange differences are recognised in other comprehensive income

**Revenue Recognition**

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Company satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

*Rendering of services*

Revenue from rendering of services is recognised as performance obligations are satisfied. Payments are due from customers based on the agreed billing milestone stipulated in the contracts or based on the amounts certified by the customers.

Where performance obligations are satisfied over time as work progresses, revenue is recognised progressively based on the percentage of completion method. The stage of completion is assessed by reference to the cost incurred relative to total estimated costs (input method). The related costs are recognised in profit or loss when they are incurred, unless they relate to future performance obligations.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

*For the financial year ended 31 March 2022*

**5. Summary of significant accounting policies (continued)**

**Revenue Recognition (continued)**

*Rendering of services*

If the value of services rendered for the contract exceeds payments received from the customer, a contract asset is recognised and presented separately on the balance sheet. The contract assets are transferred to receivables when the entitlement to payment becomes unconditional. If the amounts invoiced to the customer exceeds the value of services rendered, a contract liability is recognised and separately presented in the statement of financial position.

*Interest Income*

Interest income is recognised using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income.

**Contract assets and liabilities**

Contract assets primarily relate to the Company's rights to consideration for work completed but not billed at the reporting date on project work. Contract assets are transferred to trade receivables when the rights become unconditional. This usually occurs when the Company invoices the customer.

Contract liabilities primarily relate to advance consideration received from customers and progress billings issued in excess of the Company's rights to the consideration.

**6. Revenue**

	<u>2022</u> <u>US\$'000</u>	<u>2021</u> <u>US\$'000</u>
Rendering of services	4,193	2,830
Transfer Fees and Charges	45	-
	<u>4,238</u>	<u>2,830</u>

Transaction fees and charges are from the newly acquired Angra Ltd with transaction volume of US\$10.28 million for period 7-31 March.

The disaggregation of revenue is as follows:

	<u>2022</u> <u>US\$'000</u>	<u>2021</u> <u>US\$'000</u>
Singapore	4,193	2,830
UK and others	45	-
	<u>4,238</u>	<u>2,830</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

*For the financial year ended 31 March 2022*

**7. Net Operating Expenses**

	<u>2022</u> <u>US\$'000</u>	<u>2021</u> <u>US\$'000</u>
<b>Continuing Operations</b>		
Costs of goods sold	2,012	1,118
Employee Cost	2,538	1,951
Travel Expenses	5	1
Admin Expense	594	455
Lease Expenses	24	5
Distribution, Advertising and promotion	32	18
General Expenses	66	33
Depreciation of property plant and equipment	162	170
Doubtful accounts	71	-
Interest on lease expenses	3	9
Occupancy costs	64	19
Finance costs	332	134
	<u>5,903</u>	<u>3,903</u>

**8. Key management personnel**

	<u>2022</u> <u>US\$'000</u>	<u>2021</u> <u>US\$'000</u>
Directors' emoluments	<u>391</u>	<u>229</u>

**9. Employee cost**

	<u>2022</u> <u>US\$'000</u>	<u>2021</u> <u>US\$'000</u>
Wages and salaries	749	479
Wages and salaries – Cost of sales	1,583	1,226
Staff welfare and other employee costs	206	246
<b>Total</b>	<u>2,538</u>	<u>1,951</u>

**10. Earnings per share**

	<u>2022</u> <u>US\$'000</u>	<u>2021</u> <u>US\$'000</u>
Loss for the period attributable to members	(1,430)	(490)

Basic earnings per share is calculated by dividing the profit attributable to owners of the Parent by the weighted average number of ordinary share in issue during the year.

Basic weighted average number of ordinary shares in issue	1,354,950,456	1,028,482,002
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**GSTECHNOLOGIES LTD.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS***For the financial year ended 31 March 2022*

Basic loss per share-cents	(0.00106)	(0.00041)
Diluted loss per share-cents	(0.00105)	(0.00041)

**11. Segment Reporting**

The consolidated entity's operating segments have been determined with reference to the monthly management accounts used by the chief operating decision maker to make decisions regarding the consolidated entity's operations and allocation of working capital.

Due to the size and nature of the consolidated entity, the Board as a whole has been determined as the chief operating decision maker.

The consolidated entity operates in one business segment, being information data technology and infrastructure.

The revenues and results are those of the consolidated entity as a whole and are set out in the statement of profit and loss and other comprehensive income. The segment assets and liabilities of this segment are those of the consolidated entity and are set out in the Statement of Financial Position.

**12. Cash and cash equivalents**

	<u>2022</u> <u>US\$'000</u>	<u>2021</u> <u>US\$'000</u>
Cash at bank	5,104	1,742

**13. Trade and Other Receivables**

	<u>2022</u> <u>US\$'000</u>	<u>2021</u> <u>US\$'000</u>
Trade receivables	814	1,291
Less: Allowance for expected credit losses	(71)	-
	<u>743</u>	<u>1,291</u>
Advances to supplier (i)	1,287	-
Due from related party (refer to note 26)	258	-
Other receivables	157	790
	<u>2,445</u>	<u>2,081</u>

(i) The collaboration agreement with Wise Mpay to supply the Company with software and services for its fintech plans is reflected as advances to supplier pending completion. The web remittance portal and complex blockchain e-wallet application is currently under development and is still a work in progress.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

*For the financial year ended 31 March 2022*

**14. Inventories**

	<u>2022</u> <u>US\$'000</u>	<u>2021</u> <u>US\$'000</u>
Inventories	329	334
Less: Allowance for inventory obsolescence	(313)	(316)
	<u>16</u>	<u>18</u>

The movement in the allowance for inventory obsolescence is as follows:

	<u>2022</u> <u>US\$'000</u>	<u>2021</u> <u>US\$'000</u>
Balance at beginning of year	316	290
Additional allowance for inventory obsolescence	-3	26
Balance at end of year	<u>313</u>	<u>316</u>

**15. Property, plant and equipment**

	<b>Right-of-Use Assets</b>	<b>Building and improvs</b>	<b>Furniture &amp; Office Equipment</b>	<b>Vehicle</b>	<b>Total</b>
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>Cost</b>					
<b>As at 31 March 2020</b>	169	46	502	148	865
Impact of IFRS 16 (Note 4)	124	-	-	-	124
Additions / Transfer in	-	-	7	-	7
Disposal / Write-off	-	-	-	-	-
Adjustments/Forex translation	10	7	20	(8)	29
<b>As at 31 March 2021</b>	<u>303</u>	<u>53</u>	<u>529</u>	<u>140</u>	<u>1025</u>
Additions / Transfer in	103	-	56	-	159
Disposal / Write-off	-	-	-	-	-
Adjustments/Forex translation	(3)	(1)	(4)	(1)	(9)
<b>As at 31 March 2022</b>	<u>403</u>	<u>52</u>	<u>581</u>	<u>139</u>	<u>1,175</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

15. Property, Plant and equipment (continued)

	Right-of-Use Assets	Building and improvs	Furniture & Office Equipment	Vehicle	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>Accumulated depreciation</b>					
<b>As at 31 March 2020</b>	55	39	401	75	570
Charge for the year	120	3	34	13	170
Disposal/Write-off	-	-	-	-	-
Adjustments/Forex translation	3	8	13		10
				(14)	
<b>As at 31 March 2021</b>	178	50	448	74	750
Charge for the year	119	3	30	10	162
Disposal/Write-off	-	-	-	-	-
Adjustments/Forex translation	(1)	(1)	(4)	(1)	(7)
<b>As at 31 March 2022</b>	296	52	474	83	905
<b>Net book value</b>					
<b>As at 31 March 2021</b>	125	3	81	66	275
<b>As at 31 March 2022</b>	107	-	107	56	270

**Lease liabilities recognized in the balance sheet**

The balance sheet shows the following amounts relating to lease liabilities

	2022 US\$'000	2021 US\$'000
Current	66	129
Non-current	42	-
	108	129

**Amounts recognized in the statement of profit or loss**

The statement of profit or loss shows the following amounts relating to leases:

	2022 US\$'000	2021 US\$'000
Depreciation	126	120
Interest expense	4	9
	129	129

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

*For the financial year ended 31 March 2022*

**16. Work in progress**

	<u>2022</u> <u>US\$'000</u>	<u>2021</u> <u>US\$'000</u>
Contract assets	32	193

The contract assets primarily relate to the Company's rights to consideration for work completed but not billed at the reporting date. If the value of services rendered exceeds payments received from the customer, a contract asset is recognised and presented separately. The contract asset is transferred to receivables when the entitlement to payment becomes unconditional.

The contract liabilities primarily relate to advance consideration received from customers for contract revenue. If the amounts invoiced to the customer exceeds the value of services rendered, a contract liability is recognised and presented separately.

The changes in contract balances are due to the differences between the agreed payment schedule and progress of project work.

**17. Intangible Assets**

	<u>2022</u> <u>US\$'000</u>	<u>2021</u> <u>US\$'000</u>
Cost as at 1 April and 31 March	<u>44</u>	<u>6</u>
Fair value :		
As at 1 April	<u>6</u>	<u>6</u>
Angra acquisition /Goodwill (i)	<u>38</u>	<u>-</u>
As at 31 March	<u>44</u>	<u>6</u>

There was no impairment during the period.

The acquisition of Angra Limited for £800,000 on March 7, 2022 resulted in the creation of goodwill. Angra Limited is a UK Financial Conduct Authority (FCA) accredited Authorised Payment Institution ("API"), which runs under the AngraFX brand name.

	<u>US\$'000</u>
Consideration paid	1,058
Less: Fair value of net assets acquired	<u>-</u>
Goodwill	<u>38</u>



**GSTECHNOLOGIES LTD.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS***For the financial year ended 31 March 2022***18. Subsidiaries**

Details of the Company's subsidiaries on 31 March 2022 are as follows:

<b>Name of Subsidiary</b>	<b>Place of Incorporation</b>	<b>2022 Ownership Interest and Voting Power</b>	<b>2021 Ownership Interest and Voting Power</b>
Golden Saint Technologies (Australia) Pty Ltd	Australia	100	100
EMS Wiring Systems Pte. Ltd	Singapore	100	100
GS Fintech Ltd	UK	100	100
GS Fintech Pte Ltd	Singapore	100	100
Angra Limited (refer to note 17 for details of acquisition)	UK	100	-

**19. Taxation***Unrecognised tax losses*

Where the realisation of deferred tax assets is dependent on future taxable profits, losses carried forward are recognised only to the extent that business forecasts predict that such profits will be available to the companies in which losses arose.

The parent, GSTechnologies Ltd, is not liable to corporation tax in BVI, so it has no provision for deferred tax. However, GSTechnologies (Australia) Pty Ltd is liable to tax in Australia and EMS is liable for tax in Singapore.

	<u>2022</u> <u>US\$'000</u>	<u>2021</u> <u>US\$'000</u>
Current income tax	-	-
Adjustments for prior year	-	-
Deferred tax expenses	(5)	(5)
	<u>(5)</u>	<u>(5)</u>

The tax expense on the results of the financial year for the Company varies from the amount of income tax determined by applying the Singapore statutory rate of income tax on Company's profit.

**20. Share capital and reserves**

The share capital of the Company is denominated in UK Pounds Sterling. Each allotment during the period was then translated into the Group's functional currency, US Dollars at the spot rate on the date of issue.

	<b>Number of Shares</b>	<b>US\$'000</b>
Authorised Ordinary Shares		
<b>As at 31 Mar 2021</b>	<b>1,193,482,002</b>	<b>2,077</b>
Issues during the period		
1 April 2021 to 31 March 2022	355,076,190	5,718
<b>As at 31 March 2022</b>	<b>1,548,558,192</b>	<b>7,795</b>

*The accompanying notes form an integral part of these consolidated financial statements*

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

*For the financial year ended 31 March 2022*

**21. Non-controlling equity interest**

All entities within the group are currently 100% owned and accordingly a non-controlling interest does not arise.

**22. Trade and other payables**

	<u>2022</u> <u>US\$'000</u>	<u>2021</u> <u>US\$'000</u>
Trade payables	218	471
Accruals	338	502
Unearned revenue	301	-
Other payables	37	33
	<u>894</u>	<u>1,006</u>

Trade payables are non-interest bearing and are normally settled on 60-days terms.

**23. Loans Payable**

	<b>Term</b>	<b>Amount</b>	<b>Interest rate</b>	<b>Current</b>	<b>Non-current</b>
Loan 1	5 yrs	977	2.5% pa	324	653
Loan 2	3 yrs	224	4.5% pa	178	46
		<u>1,201</u>		<u>502</u>	<u>699</u>

**24. Auditor remuneration**

During the financial year the following fees were paid or payable for services provided by Elderton Pty Ltd, the auditor of the Group:

	<u>2022</u> <u>US\$'000</u>	<u>2021</u> <u>US\$'000</u>
<b>Audit Services</b>		
Audit of financial statements	19	16
<b>Other Services</b>		
Acting Reporting Accountant - Prospectus	13	-

**25. Commitments and Contingencies**

The Group is subject to no material commitments or contingent liabilities.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

*For the financial year ended 31 March 2022*

**26. Related party transactions**

The following is the significant related party transactions entered into by the Company with related parties on terms agreed between the parties:

	<u>2022</u> <u>US\$'000</u>	<u>2021</u> <u>US\$'000</u>
Loans/Advances with related parties	258	-

**27. Financial risk management objectives and policies**

The Group's activities expose it to a variety of financial risks. The Group's Board provides certain specific guidance in managing such risks, particularly as relates to credit and liquidity risk. Any form of borrowings requires approval from the Board and the Group does not currently use any derivative financial instruments to manage its financial risks. The key financial risks and the Group's major exposures are as follows:

*Credit risk*

The maximum exposure to credit risk is represented by the carrying amount of the financial assets. In relation to cash and cash equivalents, the Group limits its credit risk with regards to bank deposits by only dealing with reputable banks. In relation to sales receivables, the Group's credit risk is managed by credit checks for credit customers and approval of letters of credit by the Group's advising bank.

*Foreign Currency Risk*

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The company is exposed to currency risk on sales and purchases, that are denominated in foreign currencies.

**28. Liquidity risk**

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. Numbers in the table below represent the gross, contractual, undiscounted amount payable in relation to the financial liabilities.

The Group monitors its risk to a shortage of funds using a combination of cash flow forecasts, budgeting and monitoring of operational performance.

	<b>On Demand US\$'000</b>	<b>Less than three months US\$'000</b>	<b>Three to twelve months US\$'000</b>	<b>One to five years US\$'000</b>	<b>Total US\$'000</b>
<b>As at 31 March 2022:</b>					
Trade and other payables		613	347	-	960

**29. Operating lease commitments**

Capital includes equity attributable to the equity holders of the parent. Refer to the statement of changes in equity for quantitative information regarding equity.

The Group's primary objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders.

The Group is not subject to any externally imposed capital requirements.

**30. Capital management**

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the returns to shareholders through the optimisation of the debt and equity balance.

Capital consists of total equity.

The directors review the capital structure on an ongoing basis. As a part of the review, the directors consider the cost of capital and the risks associated with each class of capital. Based on the recommendation of the directors, the Company will balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debts or the redemption of existing debt.

There were no changes in the Company's approach to capital management during the year.

The Company is registered with the Building and Construction Authority in Singapore and is required to maintain certain minimum capital and net worth. The Company has complied with the applicable capital requirements for the financial years ended 31 March 2022 and 31 March 2021.

**31. Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. A sensitivity analysis is not presented, as all borrowing costs have been capitalised as at 31 March 2022; therefore, profit or loss and equity would have not been affected by changes in the interest rate.

## Directors' Remuneration

### Policy and practice

The Group operates on a strictly “capital efficient” approach and therefore director’s remuneration has been based on conservative market matching rates in order to act in the best interest of the Company during its growth phase. At this time, outside of the existing shareholdings, there are no performance components included in directors’ remuneration. A remuneration committee has been formed to oversee this aspect of the Group’s operations.

Remuneration Committee is chaired by Mr. Malcolm Groat and the rest of the board as participating members and are responsible for determining and reviewing compensation arrangements for all Executive Directors.

The remuneration Committee is undertaking a strategic review of the structure of the director remuneration to ensure that the correct mix of fixed remuneration and performance-related incentives are provided to maintain the Company’s competitiveness in the corporate marketplace.

### Contracts

Directors’ remuneration in its various forms was historically agreed by the Executive Chairman but is now overseen exclusively by the remuneration committee.

All contracts are continuous until terminated by either party.

Amounts of emoluments & compensation

Director's Name	Salary US\$	CPF US\$	Total US\$
Tone Goh	84,859	-	84,859
Jack Bai	91,774	4,052	95,826
Shayne Tan	55,360	8,156	63,516
Galvin Bai (appt 1 Mar 22)	5,905	753	6,658
Raphael Teo (resigned 6 Aug 21)	47,050	2,303	49,353
Malcolm Groat	5,258	-	5,258
Garies Chong (appt 6 Aug 21)	81,563	3,802	85,365
<b>Total</b>	<b>371,770</b>	<b>19,067</b>	<b>390,836</b>

On behalf of the Board



Tone Goh  
Executive Chairman  
27 July 2022

**PARENT COMPANY STATEMENT OF FINANCIAL POSITION**

*As at 31 March 2022*

	<u>2022</u>
	<b>US\$'000</b>
<b>ASSETS</b>	
<b>Current assets</b>	
Cash and cash equivalents	2,701
Trade and other receivables	1,304
Inventories	299
<b>Total current assets</b>	<u><b>4,304</b></u>
<b>Non-current assets</b>	
Intangible Assets	6
Intercompany receivables	1,565
<b>Total non-current assets</b>	<u><b>1,571</b></u>
<b>TOTAL ASSETS</b>	<u><b>5,875</b></u>
<b>EQUITY</b>	
Share Capital	7,795
Reserves	-
Retained Earnings	(2,432)
<b>Total Equity</b>	<u><b>5,363</b></u>
<b>LIABILITIES</b>	
<b>Current Liabilities</b>	
Trade and other payables	252
Intercompany loan	260
<b>Total Liabilities</b>	<u><b>512</b></u>
<b>TOTAL EQUITY &amp; LIABILITIES</b>	<u><b>5,875</b></u>

*The accompanying notes form an integral part of these consolidated financial statements*

**PARENT COMPANY STATEMENT OF CHANGES IN EQUITY**

*For the financial year ended 31 March 2022*

<b>2022 CONSOLIDATED</b>	<b>Shareholder Capital US\$'000</b>	<b>Retained Earnings US\$'000</b>	<b>Total US\$'000</b>
<b>Balance at 1 April 2021</b>	2,077	(1,696)	381
<b>Comprehensive Income</b>			
Loss for the year	-	(736)	(736)
<b>Total comprehensive loss for the year</b>	-	(736)	(736)
<b>Transactions with owners in their capacity as owners:</b>			
Shares issued during the year	5,718	-	5,718
	5,718	-	5,718
<b>Balance at 31 March 2022</b>	<b>7,795</b>	<b>(2,432)</b>	<b>5,363</b>

# ELDERTON

AUDIT PTY LTD

## REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF GSTECHNOLOGIES LIMITED

### Opinion

We have audited the financial statements of GSTechnologies Limited (“the Company”) and its subsidiaries (collectively referred to as “the Group”) for the year ended 31 March 2022 which comprise Consolidated and Parent Company Statements of Financial Position as at 31 March 2022; the Consolidated Statement of Profit and Loss and comprehensive Income, the Consolidated Statements of Cash Flows and the Consolidated and Parent Company Statements of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies. The financial reporting framework that has been applied in their preparation is International Financial Reporting Standards (IFRSs).

In our opinion:

- the financial statements give a true and fair view of the state of the GSTechnologies Limited (“the Company”) and its subsidiaries (collectively referred to as “the Group”) affairs as at 31 March 2022 and of the Group’s loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs); and
- the parent company financial statements have been properly prepared in accordance with IFRSs.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (‘ISAs’). Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (‘IESBA Code’), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors’ use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group’s ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this 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 Statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Limited liability by a scheme approved under Professional Standards Legislation

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We have determined the matter described below to be key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
<p><b>Revenue recognition in respect of invoiced amounts</b></p> <p>The entity has reported revenue of USD4.2 million, including revenue from services projects.</p> <p>The application of revenue recognition accounting standards is complex and involves a number of key judgements and estimates. There is also a risk around the timing of revenue recognition. The Group uses cost to complete method for calculating percentage of completion for ongoing projects. This could result in recognizing revenue for work completed but unbilled at year end.</p> <p>Based on these factors, we have identified revenue recognition as a key risk for our audit.</p>	<p>Our audit work included, but was not restricted to, the following:</p> <ul style="list-style-type: none"> <li>• considering the appropriateness of the revenue recognition accounting policies.</li> <li>• Reviewed key judgements and assumptions used in the recognition of revenue. This included review of management’s estimation of total project costs and determination of stage of completion.</li> <li>• Verified unbilled work at the year end with invoices sent to clients subsequently</li> <li>• Performed substantive test to ensure accuracy and completeness of project cost incurred till year end.</li> <li>• Verified a sample of progressing billing with customer invoices and traced amounts in the bank.</li> <li>• ensuring adequate disclosure in the financial statements</li> </ul>
<p><b>Accounting for the acquisition of Angra Limited</b></p> <p>On 7 March 2022, a purchase agreement was concluded for the acquisition of Angra Limited. The acquisition was completed after all necessary regulatory approvals were obtained as per Sale Purchase Agreement date 5 October 2021. The purchase price amounted to £800,000.</p> <p>The business combination is accounted for according to IFRS 3.</p> <p>The assets, liabilities and contingent liabilities acquired were stated at their fair values which were determined in the course of the purchase price allocation performed. This results in preliminary net assets measured at fair value in the amount of £770,582 and goodwill in the amount of £29,418.</p> <p>The purchase price allocation performed requires the Management Board to make discretionary decisions, estimates and assumptions. Changes in these assumptions may have a material impact on the fair values.</p> <p>Due to the matter described, we considered the business combination and in particular the purchase price allocation as a key audit matter in our audit.</p>	<p>Our audit work included, but was not restricted to, the following:</p> <ul style="list-style-type: none"> <li>• We verified, based on the purchase agreements and the criteria defined in IFRS 10, the assessment made by the Management Board with regard to the control over the shares taken over and the consolidation in the consolidated financial statements.</li> <li>• Assessed the methodical approach in identifying the assets acquired and liabilities assumed at the acquisition date.</li> <li>• Verified the measurement methods applied and examined in the determination of the identifiable assets acquired as well as of the liabilities and contingent liabilities assumed and examined the disclosures on the acquisition made in the notes in accordance with the requirements of IFRS 3.</li> </ul> <p>The accounting and measurement methods applied are in accordance with IFRSs. We consider the underlying assumptions and measurement parameters to be plausible and reasonable.</p>

## **Our Application of Materiality**

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

### **Materiality**

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Group financial statements as a whole to be USD 67,100, which represents 1.5% of the Group's turnover for the year ended 31 March 2022.

This benchmark is considered the most appropriate because this is a key performance measure used by the Board of Directors to report to investors on the financial performance of the Group.

### **Performance materiality**

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Group's overall control environment and to drive the extent of our testing, performance materiality was 75% of our planning materiality for the audit of the Group financial statements. We also determine a lower level of specific materiality for certain areas such as Directors' remuneration and related party transactions.

### **Reporting threshold**

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Board that we would report all audit differences in excess of USD 3,355, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

### **Other Information**

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our Auditors' Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Responsibilities of directors**

The directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view in accordance with IFRS, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

## Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

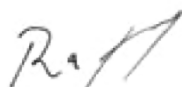
We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Elderton Audit Pty Ltd

**Elderton Audit Pty Ltd**



**Rafay Nabeel**  
Audit Director  
Perth  
27 July 2022