

**THE GO2 PEOPLE GROUP
COMPRISING THE GO2 RECRUITMENT TRUST, & TERRA FIRMA
CONSTRUCTIONS PTY LTD**

**COMBINED FINANCIAL STATEMENTS FOR THE 10 MONTH
PERIOD ENDED
30 APRIL 2017**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the 10 month period ended 30 April 2017

	Note	30 Apr 2017 \$	30 Apr 2016 \$
Revenue		27,840,116	34,411,253
Cost of goods sold		(24,644,857)	(29,821,016)
Gross Profit		3,195,259	4,590,237
Employee benefits expenses		(1,607,596)	(1,392,785)
Other corporate expenses		(1,048,940)	(949,200)
Profit before depreciation, expense, finance costs impairment loss and tax		538,723	2,248,252
Depreciation expenses		(138,870)	(108,661)
Finance costs		(458,389)	(519,823)
Impairment loss	3	(290,805)	-
Profit before income tax		(349,341)	1,619,768
Income tax expense		(72,355)	(42,286)
Profit / (loss) for the period		(421,696)	1,577,482
<i>Other Comprehensive Loss, Net of Tax</i>		-	-
Total Comprehensive Profit / (Loss) for the period		(421,696)	1,577,482
<i>Attributable to:</i>			
Beneficiaries of the Trust		(590,423)	1,478,813
Owners of the Company		168,727	98,669
		(421,696)	1,577,482

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

For personal use only

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 April 2017

	Note	30 Apr 2017 \$	30 Jun 2016 \$
ASSETS			
Current Assets			
Cash and cash equivalents		591,486	383,951
Trade and other receivables		7,819,405	6,823,581
Other assets		223,598	52,556
Other financial assets	3	2,754,778	1,435,502
Total Current Assets		11,389,267	8,695,590
Non-Current Assets			
Plant and equipment		566,783	516,117
Total Non-Current Assets		566,783	516,117
TOTAL ASSETS		11,956,050	9,211,707
LIABILITIES			
Current Liabilities			
Trade and other payables		2,281,440	2,681,628
Australian tax office payable		3,843,414	4,185,991
Borrowings	4	4,656,833	1,469,775
Provisions		86,305	46,087
Current tax liabilities		227,109	154,754
Total Current Liabilities		11,095,101	8,538,235
Non-Current Liabilities			
Borrowings	4	330,029	312,279
Total Non-Current Liabilities		330,029	312,279
TOTAL LIABILITIES		11,426,130	8,850,514
NET ASSETS		529,920	361,193
EQUITY			
Issued units	5	100	100
Issued capital	5	2	2
Retained earnings		529,818	361,091
TOTAL EQUITY		529,920	361,193

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

For personal use only

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the 10 month period ended 30 April 2017

	Issued Units \$	Issued Capital \$	Retained Earnings \$	Total Equity \$
At 1 July 2015	100	2	182,844	182,946
Profit for the 10 month period ended 30 April 2016	-	-	1,577,482	1,577,482
Transaction with owners in their capacity as owners				
Distribution to beneficiaries	-	-	(1,478,813)	(1,478,813)
At 30 April 2016	100	2	281,513	281,615
At 1 July 2016	100	2	361,091	361,193
Loss for the 10 month period ended 30 April 2017	-	-	(421,696)	(421,696)
Transaction with owners in their capacity as owners				
Repayable from beneficiaries	-	-	590,423	590,423
At 30 April 2017	100	2	529,818	529,920

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

For personal use only

CONSOLIDATED STATEMENT OF CASH FLOWS

For the 10 month period ended 30 April 2017

	30 Apr 2017	30 Apr 2016
	\$	\$
Operating activities		
Receipts from customers	29,562,759	34,629,656
Payments to suppliers, employees and tax	(30,024,689)	(31,967,894)
Finance costs paid	(438,110)	(493,133)
Net cash generated by / (used in) operating activities	(900,040)	2,168,629
Investing activities		
Purchase of property, plant and equipment	(57,547)	(139,225)
Net cash used in investing activities	(57,547)	(139,255)
Financing activities		
Proceeds from / (Repayments of) borrowings - net	1,165,122	(1,707,196)
Net cash (used in) / generated by financing activities	1,165,122	(1,707,196)
Net increase in cash held	207,535	322,208
Cash and cash equivalents at the beginning of the period	383,951	197,802
Cash and cash equivalents at the end of the period	591,486	520,010

For personal use only

1 CORPORATE INFORMATION

The combined financial statements cover the GO2 Recruitment Trust and Terra Firma Constructions Pty Ltd as a combined group of entities ("the Group", or the "the GO2 People Group"). GO2 Recruitment Trust and Terra Firma Constructions Pty Ltd are incorporated and domiciled in Australia.

Terra Firma Constructions Pty Ltd was incorporated on 16 April 2015 and became part of the GO2 People Group.

The combined financial statements were authorised for issue on the date of signing the attached Directors' declaration by the directors of GO2 Recruitment Pty Ltd As Trustee for the GO2 Recruitment Trust and Terra Firma Constructions Pty Ltd combined to represent the GO2 People Group.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation and new accounting standards

Basis of preparation

This combined financial statements for the ten month period ended 30 April 2017 has been prepared in accordance with AASB 134 *Interim Financial Reporting*.

The combined financial statements do not include all notes of the type normally included within the annual combined financial statements and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Group as the Group's annual combined financial statements.

It is recommended that the combined financial statements be read in conjunction with the annual combined financial statements for the year ended 30 June 2016.

(b) Changes in accounting policies

There have been no changes in accounting policies during the ten month period ended 30 April 2017.

(c) Change in accounting estimates

There were no significant changes in accounting estimates for ten month period ended 30 April 2017.

(d) Going Concern

This combined financial statements have been prepared on a going concern basis, notwithstanding the fact that for the 10 months ended 30 April 2017 the Group generated a loss after tax of \$421,696 and incurred net cash outflows from operations of \$900,040. In addition the Group had amounts owing overdue to the Australian Taxation Office of \$3,843,414. These conditions indicate a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. The Directors believe that it is appropriate to prepare the accompanying combined financial statements on a going concern basis for the following reasons:

- A capital raising in the form of an initial public offering is expected to occur in the second half of calendar 2017 to raise between \$10 million and \$12 million;
- The GO2 People Ltd, (an entity controlled by the same Directors and shareholders as The GO2 People Combined Group) successfully raised seed capital of \$501,900 prior to the issuance of these combined financial statements.
- The cash flow forecast anticipates increased revenue from sales of services and control of costs, as and where appropriate.

For these reasons, the Directors believe that the assumption of a going concern basis in the preparation of this combined financial statements is appropriate. The combined financial statements does not include any adjustments in relation to the recoverability or classification of recorded assets, nor the amounts or classification of liabilities that might be necessary should the Group not be able to continue as a going concern.

For personal use only

NOTE 3 OTHER FINANCIAL ASSETS

	30 Apr 2017	30 Jun 2016
	\$	\$
Loans to Directors	251,595	109,129
Loans to Beneficiaries	2,503,183	1,326,373
	<u>2,754,778</u>	<u>1,435,502</u>

The Group has no loans outstanding with related parties as at 30 April 2017. During the period to 30 April 2017 related parties loans were impaired for a total value of \$290,805. The loans were originally provided to GO2 Skills and Training Pty Ltd and GO2 Building Solutions Pty Ltd.

Loans to Directors represent amounts owed to Terra Firma Contraction Pty Ltd. These amounts are non-interest bearing, unsecured and have no fixed repayment date.

Loan to beneficiaries represent amounts owed to the GO2 Recruitment Trust. These amounts are non-interest bearing, unsecured and have no fixed repayment date.

NOTE 4 BORROWINGS

	30 Apr 2017	30 Jun 2016
	\$	\$
<i>Unsecured – at amortised cost</i>		
Loans from funding institution (i)	-	58,676
	-	<u>58,676</u>
<i>Secured – at amortised cost</i>		
Finance lease liabilities (ii)	464,902	416,260
Bank debt factoring (iii)	4,503,689	1,277,746
Other loans	18,271	29,372
	<u>4,986,862</u>	<u>1,723,378</u>
	<u>4,986,862</u>	<u>1,782,054</u>
Current	4,656,833	1,469,775
Non-current	330,029	312,279
	<u>4,986,862</u>	<u>1,782,054</u>

Summary of borrowing arrangements:

- (i) Unsecured, fixed interest rate of 5.5% per annum is charged on outstanding loan balance. Repayable over 12 months.
- (ii) Secured by a charge on the group's motor vehicles. Interest of 5.75% and 10.99% per annum is charged on the outstanding loan balance. Repayable over 5 years.
- (iii) Collateral over the group's trade receivables. Effective interest of 3% per annum. Repayable over a minimum term of 24 months. The facility limit amounted to \$10,000,000 and unused facility as at reporting date was \$5,014,255.

For personal use only

NOTE 5 ISSUED CAPITAL AND UNITS

	30 Apr 2017	30 Jun 2016
	\$	\$
Fully paid ordinary shares (\$1 shares)	2	2
Issued units (\$1 units)	100	100
	102	102

Issued capital and units reflect the issued capital and units of each of the separate legal entities (GO2 Recruitment Pty Ltd as Trustee for GO2 Recruitment Trust and Terra Firma Constructions Pty Ltd).

Each respective ordinary share entitle the holder to participate in dividends, and to share in the proceeds of winding up the respective legal entity in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value and the separate legal entities do not have a limited amount of authorised capital.

NOTE 6 EVENTS AFTER THE REPORTING PERIOD

Acquisition of Terra Firma Construction Pty Ltd by the GO2 People Ltd

On 16 June 2017, The GO2 People Ltd entered into a binding terms sheet with Terra Firma Construction Pty Ltd and its sole shareholder, Mr Christopher Streat, pursuant to which the Company agreed to buy, and Mr Streat agreed to sell 100% of the fully paid ordinary shares in Terra Firma (Terra Firma Agreement). The material terms of the Terra Firma Agreement are as follows:

Consideration

In consideration for 100% of the fully paid ordinary shares in Terra Firma, the The GO2 People Ltd has agreed to provide the following consideration to Mr Streat:

- 2,500,000 Shares in The GO2 People Ltd; and
- a cash payment of \$150,000 (plus GST, if applicable).

Conditions Precedent

Settlement under the Terra Firma Agreement is subject to satisfaction of the following outstanding conditions precedent:

- The GO2 People Ltd obtaining all necessary shareholder, regulatory and third party approvals to allow The GO2 People Ltd to lawfully comply with its obligations; and
- The GO2 People Ltd obtaining conditional approval from ASX for its securities to be admitted to official quotation on the ASX, on conditions deemed acceptable to The GO2 People Ltd, on or before 31 October 2017, or such other date as is agreed between the Company and Terra Firma Construction Pty Ltd.

Completion of seed capital raise by The GO2 People Ltd

On 30 June 2017 The GO2 People Ltd successfully raised seed capital of \$501,900 in connection with the proposed initial public offering of the GO2 People Ltd on the Australian Securities Exchange. The GO2 People Ltd acquired The GO2 Recruitment Trust on 28 April 2017 and Terra Firma Construction Pty Ltd on 16 June 2017 subject to the conditions noted above.

No other matters or material events have occurred between the reporting date and the date when these combined financial statements were authorised for issue other than those noted above.

NOTE 7 SEGMENT INFORMATION

Information on segments

AASB 8 – Operating Segments requires a management approach under which segment information is presented on the same basis as that used for internal reporting provided to the Chief Operating Decision Makers (CODM) of the Group. The CODM have been identified as consisting of the Directors' of the company. For the 10 month period ended 30 April 2017, management determined that based on the structure of reports provided to the CODM and used by them for decision making and resource allocation that the Group continues to operate only in the Australian labour hire segment.

The Groups revenues are earned and the Group assets are held in Australia.

NOTE 8 – CHANGE IN CORPORATE STRUCTURE

Acquisition of the GO2 Recruitment Trust by The GO2 People Ltd

On 28 April 2017 The GO2 People Ltd acquired The Go 2 Recruitment Trust for a consideration of 15,000,000 shares in The GO2 People Ltd. The acquisition means that the GO2 People Ltd controls 100% of The GO2 Recruitment Trust.

For personal use only

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of GO2 Recruitment Pty Ltd and Terra Firma Constructions Pty Ltd combined to represent the GO2 People Group, I state that:

1. In the opinion of the directors:

(a) The combined financial statements and notes of the GO2 People Group (comprising GO2 Recruitment Pty Ltd and Terra Firma Constructions Pty Ltd) for the ten month period ended 30 April 2017:

- (i) are in accordance with the basis of preparation as disclosed in Note 2 to the combined financial statements;
- (ii) present fairly, the financial position of the GO2 People Group as at 30 April 2017 and its performance for the 10 month period then ended;; and

(b) There are reasonable grounds to believe that the GO2 People Group (comprising GO2 Recruitment Pty Ltd and Terra Firma Constructions Pty Ltd) will be able to pay its debts as and when they fall due.



Billy Ferreira
Director

7th July 2017

For personal use only

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF THE GO2 PEOPLE GROUP

Report on the Combined Financial Report

We have reviewed the accompanying Combined Financial Report (the Financial Report) of The GO2 People Group (the Combined Entity) comprising the separate legal entities the GO2 Recruitment Trust and Terra Firma Construction Pty Ltd. The Combined Financial Report comprises the combined statement of financial position as at 30 April 2017, the combined statement of profit or loss and other comprehensive income, combined statement of changes in equity and combined statement of cash flows for the 10 months ended on that date, notes comprising a summary of significant accounting policies other explanatory information, and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the Financial Report that presents fairly in accordance with Australian Accounting Standards and for such internal control as the directors determine is necessary to enable the preparation of the Financial Report that presents fairly and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the Financial Report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with Australian Accounting Standards including:

- The Combined Financial Report presents fairly, in all material respects the financial position as at 30 April 2017 of the Combined Entity and its performance for the 10 months ended on that date; and
- complying with Accounting Standard AASB 134 Interim Financial Reporting.

As the auditor of the GO2 People Group ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a Financial Report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CHARTERED ACCOUNTANTS
& ADVISORS

Level 20, 181 William Street
Melbourne VIC 3000

Telephone: +61 3 9824 8555

williambuck.com

For personal use only

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF THE GO2 PEOPLE GROUP (CONT)*Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Financial Report of GO2 People Group is not in accordance with the Australian Accounting Standards including:

- a) the Financial Report of the Combined Entity presents fairly, in all material respects the financial position as at 30 April 2017 and of its performance for the 10 months ended on that date; and
- b) complying with Australian Accounting Standard 134 Interim Financial Reporting.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the Financial Report, which indicates that the Combined Entity incurred a net loss of \$421,896 during the ten month period ended 30 April 2017, the Combined Entity's net cash out-flow from operations was \$900,040 and overdue amounts owing to the Australian Taxation Office were \$3,843,414. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our review conclusion is not modified in respect of this matter.

Basis of preparation

We draw attention to Note 2 to the Financial Report which outlines the basis of preparation. The accompany financial statements include the aggregated financial position as at 30 April 2017 and results of operations for the year the ended of the two separate legal entities (The GO2 Recruitment Trust and Terra Firma Construction Pty Ltd) known as The GO2 People Group. Had separate Financial Reports been prepared for each of the legal entities, these combined financial statements would not necessarily be indicative of the results that would have occurred due to the effects of intercompany transactions.

William Buck

William Buck Audit (Vic) Pty Ltd
ABN 59 116 151 136



N. S. Benbow
Director

Dated this 7th day of July 2017

For personal use only