

**ASIA WEALTH GROUP HOLDINGS LIMITED**

Consolidated Financial Statements  
For the year ended 28 February 2017

# ASIA WEALTH GROUP HOLDINGS LIMITED

## Consolidated Financial Statements For the year ended 28 February 2017

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Table of Contents	Page(s)
Company Directory	1
Independent Auditor's Report to the Shareholders	2-4
Consolidated Statement of Financial Position	5
Consolidated Statement of Comprehensive Income	6
Consolidated Statement of Changes in Equity	7
Consolidated Statement of Cash Flows	8
Notes to and forming part of the Consolidated Financial Statements	9-30

## **ASIA WEALTH GROUP HOLDINGS LIMITED**

**Company Directory**  
**At 28 February 2017**

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### **BOARD OF DIRECTORS**

Richard Cayne  
Peter Upperton

### **REGISTERED AGENT AND OFFICE**

Harneys Corporate Services Limited  
Craigmuir Chambers  
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Road Town, Tortola VG 1110  
British Virgin Islands

### **CORPORATE ADVISOR**

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15 Eldon Street  
London EC2M 7LD  
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### **LEGAL COUNSEL**

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2 Stone Buildings  
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United Kingdom

### **BANKER**

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London SW1Y 5EZ  
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### **REGISTRAR**

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British Virgin Islands

### **DEPOSITARY**

Computershare Investor Services PLC  
The Pavilions  
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Bristol BS13 8AE  
United Kingdom

### **EXCHANGE LISTING DETAILS**

NEX Exchange  
ISIN: VGG0540E1097  
TIDM: AWLP  
<http://www.nexexchange.com/>



**BAKER TILLY  
(BVI) LIMITED**

Chartered Accountants

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**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF**

**ASIA WEALTH GROUP HOLDINGS LIMITED**

**Opinion**

We have audited the accompanying consolidated financial statements of Asia Wealth Group Holdings Limited (the "Parent Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 28 February 2017, and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 5 to 30.

This report is made solely to the Parent Company's shareholders, as a body. Our audit work has been undertaken so that we might state to the Parent Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's shareholders, as a body, for our audit work, for this report, or for the opinion we have formed.

**Qualified opinion**

In our opinion, except for the possible effects of the matter discussed in the basis for qualified opinion paragraph, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Group as at 28 February 2017, and its consolidated financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards ("IFRSs").

**Basis for qualified opinion**

The Group has an available-for-sale investment carried at cost as disclosed in note 8. However, we were unable to obtain supporting evidence regarding the ownership of this investment. Further, the Group has not assessed the investment at year end for impairment in accordance with accounting policy 2(o) and we were unable to satisfy ourselves as to whether this value represents its cost, less impairment losses, if any.

**Key audit matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matter discussed in the basis for qualified opinion paragraph, there are no other key audit matters to communicate in our report.

**Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

**Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 'Reasonable assurance' is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements whether due to fraud or error, and 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 control.
- Obtain an understanding of internal control 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 Group's internal control.
- 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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditor's report to the related disclosures in the consolidated 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 auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

*Baker Tilly (BVI) Limited*

**Chartered Accountants  
Tortola, British Virgin Islands  
31 July 2017**

# ASIA WEALTH GROUP HOLDINGS LIMITED

## Consolidated Statement of Financial Position

At 28 February 2017

Expressed in U.S. Dollars

	Note	2017	2016
<b>Non-current assets</b>			
Fixed assets	3	31,697	41,266
Investment property	4	380,246	—
Goodwill	5	—	11,815
		<u>411,943</u>	<u>53,081</u>
<b>Current assets</b>			
Cash and cash equivalents		869,147	1,281,923
Trade receivables		215,041	268,828
Loans and other receivables		133,046	45,843
Due from related party	7	97	—
Prepayments and other assets		96,352	110,959
Available-for-sale investment	8	318,162	318,162
Investment in associate	6	—	—
		<u>1,631,845</u>	<u>2,025,715</u>
<b>Total assets</b>		<u><u>\$ 2,043,788</u></u>	<u><u>\$ 2,078,796</u></u>
<b>Equity</b>			
Share capital	9	913,496	913,496
Share-based payment reserve	10	10,708	35,423
Consolidation reserve		405,997	405,997
Translation reserve		(9,317)	(15,919)
Accumulated deficit		<u>(372,081)</u>	<u>(302,692)</u>
<b>Total equity attributable to equity holders of the Parent Company</b>		948,803	1,036,305
Equity attributable to non-controlling interests	5	<u>(17,552)</u>	<u>(1,201)</u>
<b>Total equity</b>		<u>931,251</u>	<u>1,035,104</u>
<b>Non-current liabilities</b>			
Liabilities under finance lease agreements	11	<u>18,245</u>	<u>26,032</u>
<b>Current liabilities</b>			
Trade payables		927,954	933,698
Due to related parties	7	59,966	10,911
Liabilities under finance lease agreements	11	7,017	7,868
Deferred revenue		1,958	1,911
Other payables and accrued expenses		<u>97,397</u>	<u>63,272</u>
		<u>1,094,292</u>	<u>1,017,660</u>
<b>Total liabilities</b>		<u>1,112,537</u>	<u>1,043,692</u>
<b>Total equity and liabilities</b>		<u><u>\$ 2,043,788</u></u>	<u><u>\$ 2,078,796</u></u>

# ASIA WEALTH GROUP HOLDINGS LIMITED

## Consolidated Statement of Comprehensive Income For the year ended 28 February 2017

Expressed in U.S. Dollars

	Note(s)	2017	2016
<b>Revenue</b>			
Commission income		1,517,797	1,202,336
Rental income		9,058	—
		<u>1,526,855</u>	<u>1,202,336</u>
<b>Expenses</b>			
Commission expense		880,977	534,638
Professional fees	7	283,976	341,119
Directors' fees	7	218,902	216,418
Bad debt expense		76,188	44,100
Wages and salaries		51,037	49,681
Travel and entertainment		50,058	65,363
Office expense		40,395	45,663
Depreciation	3,4	20,017	28,569
Marketing		15,805	48,204
Rent		14,115	14,277
Bank charges		6,401	6,682
Communications expense		2,919	3,029
Other expenses		22,209	13,159
		<u>1,682,999</u>	<u>1,410,902</u>
<b>Net loss from operations</b>		<u>(156,144)</u>	<u>(208,566)</u>
<b>Other income/(expenses)</b>			
Gain on disposal of fixed assets		5,684	—
Share of loss of associate company	6	(29,382)	—
Impairment of goodwill	5	(11,815)	—
Foreign currency exchange (loss)/gain		(19,387)	56,491
Other income		101,986	6,456
		<u>47,086</u>	<u>62,947</u>
<b>Net loss before finance costs</b>		<u>(109,058)</u>	<u>(145,619)</u>
<b>Finance costs</b>			
Interest expense		1,337	4,449
<b>Net loss before taxation</b>		<u>(110,395)</u>	<u>(150,068)</u>
Taxation	12	—	—
<b>Total comprehensive loss</b>		<u>\$ (110,395)</u>	<u>\$ (150,068)</u>
<b>Total comprehensive loss attributable to:</b>			
Equity holders of the Parent Company		(94,104)	(135,919)
Non-controlling interest		<u>(16,291)</u>	<u>(14,149)</u>
		<u>(110,395)</u>	<u>(150,068)</u>
<b>Loss per share attributable to the equity holders of the Parent Company:</b>			
Basic loss per share	13	\$ (0.00823)	\$ (0.01189)
Diluted loss per share	13	\$ (0.00812)	\$ (0.01142)



# ASIA WEALTH GROUP HOLDINGS LIMITED

## Consolidated Statement of Changes in Equity For the year ended 28 February 2017 Expressed in U.S. Dollars

		2017					
		Attributable to Equity Holders of the Parent Company					
Share Capital		Share-based Payment Reserve		Consolidation Reserve	Translation Reserve	Accumulated Deficit	Non- controlling interest
Number	US\$						Equity
Balances at beginning of year	11,433,433	913,496	35,423	405,997	(15,919)	(302,692)	1,035,104
Share-based payment expired	—	—	(24,715)	—	—	24,715	—
Translation differences	—	—	—	—	6,602	—	(60)
Total comprehensive loss	—	—	—	—	—	(94,104)	(110,395)
Balances at end of year	11,433,433	\$ 913,496	\$ 10,708	\$ 405,997	\$ (9,317)	\$ (372,081)	\$ 931,251

		2016					
		Attributable to Equity Holders of the Parent Company					
Share Capital		Share-based Payment Reserve		Consolidation Reserve	Translation Reserve	Accumulated Deficit	Non- controlling interest
Number	US\$						Equity
Balances at beginning of year	11,433,433	913,496	35,423	405,997	(7,875)	(166,773)	1,180,268
Acquisition of subsidiary	—	—	—	—	—	—	13,296
Translation differences	—	—	—	—	(8,044)	—	(8,392)
Total comprehensive loss	—	—	—	—	—	(135,919)	(150,068)
Balances at end of year	11,433,433	\$ 913,496	\$ 35,423	\$ 405,997	\$ (15,919)	\$ (302,692)	\$ 1,035,104

# ASIA WEALTH GROUP HOLDINGS LIMITED

## Consolidated Statement of Cash Flows

For the year ended 28 February 2017

Expressed in U.S. Dollars

	2017	2016
<b>Operating activities</b>		
Total comprehensive loss	(110,395)	(150,068)
Adjustments for:		
Bad debt expense	76,188	44,100
Depreciation	20,017	28,569
Gain on disposal of fixed assets	(5,510)	—
Share of loss of associate company	29,382	—
Impairment of goodwill	11,815	—
Foreign currency exchange loss	23,002	13,307
Operating income/(loss) before changes in operating assets and liabilities	44,499	(64,092)
Changes in operating assets and liabilities:		
Increase in trade receivables	(22,401)	(39,445)
Increase in loan and other receivables	(87,203)	(45,843)
Decrease/(increase) in prepayments and other assets	14,607	(22,768)
Decrease in trade payables	(5,744)	(249,448)
Decrease in liabilities under finance lease agreements	(8,638)	(19,299)
Increase in deferred revenue	47	1,911
Increase in other payables and accrued expenses	34,125	1,295
<i>Cash flows used in operating activities</i>	<u>(30,708)</u>	<u>(437,689)</u>
<b>Investing activities</b>		
Acquisition of subsidiary	—	(28,987)
Acquisition of associate	(29,382)	—
Acquisition of investment property	(387,939)	—
Acquisition of fixed assets	(2,755)	(910)
Disposal of fixed assets	5,510	—
<i>Cash flows used in investing activities</i>	<u>(414,566)</u>	<u>(29,897)</u>
<b>Financing activities</b>		
Net advances from related party	48,958	32,746
<i>Cash flows from financing activities</i>	<u>48,958</u>	<u>32,746</u>
<b>Net decrease in cash and cash equivalents</b>	(396,316)	(434,840)
Effects of exchange rate fluctuations on cash and cash equivalents	(16,460)	21,179
<b>Cash and cash equivalents at beginning of year</b>	1,281,923	1,695,584
<b>Cash and cash equivalents at end of year</b>	<u>\$ 869,147</u>	<u>\$ 1,281,923</u>

Cash and cash equivalents comprise cash at bank.

## ASIA WEALTH GROUP HOLDINGS LIMITED

### Notes to and forming part of the Consolidated Financial Statements

For the year ended 28 February 2017

Expressed in U.S. Dollars

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#### 1) GENERAL INFORMATION

Asia Wealth Group Holdings Limited (the “Parent Company”) was incorporated in the British Virgin Islands on 7 October 2010 under the BVI Business Companies Act, 2004. The liability of the shareholders is limited by shares. The Parent Company maintains its registered office in the British Virgin Islands and its financial records and statements are maintained and presented in U.S. Dollars, rounded to the nearest dollar. The financial statements were authorised for issue by the Board of Directors on 31 July 2017.

The principal activity of the Parent Company and its subsidiaries (the “Group”) is to provide wealth management advisory services to Asian-based high net worth individuals and corporations.

The Parent Company’s shares were listed on the PLUS Stock Exchange based in London, United Kingdom. During the prior year, ICAP Plc, an interdealer broker based in London, United Kingdom, bought PLUS Stock Exchange and rebranded and relaunched it as ICAP Securities & Derivatives Exchange (“ISDX”). On 30 December 2016, ISDX was renamed NEX Exchange. The Parent Company’s shares were automatically admitted to NEX Exchange.

The Parent Company has the following subsidiaries as at 28 February 2017:

	Incorporation Date	Country of Incorporation	Ownership Interest	
			2017	2016
Meyer Asset Management Ltd. (“Meyer BVI”)	2000	British Virgin Islands	100.00%	100.00%
Meyer International Limited (“Meyer Thailand”)	2010	Thailand	49.00%	100.00%
BTS Property Holdings Limited (“BTS Property”)	2014	Thailand	68.99%	68.99%
Prime RE Limited (“Prime RE”)	2016	Thailand	49.00%	—%

During the prior year, Meyer BVI directly held 49.00% and acquired beneficial ownership of 51.00% of the total issued share capital of Meyer Thailand via a trust agreement in favour of Meyer BVI. The Parent Company has control over the financial and reporting policies of Meyer Thailand and has accordingly accounted for it as a wholly owned subsidiary.

On 13 June 2012, Meyer BVI was licensed to provide investment business services under Section 3 of the Securities and Investment Business Act, 2010 of the British Virgin Islands.

On 23 September 2016, Meyer Thailand acquired 51.00% of Prime RE.

On 20 October 2016, 51.00% of Meyer Thailand, owned beneficially via a trust agreement in favour of Meyer BVI, was acquired by Prime RE.

The Parent Company is the indirect owner of 51.00% of the outstanding shares of Prime RE and Meyer Thailand, and accordingly the Parent Company intends to account for them as wholly owned subsidiaries.

## ASIA WEALTH GROUP HOLDINGS LIMITED

### Notes to and forming part of the Consolidated Financial Statements

For the year ended 28 February 2017

*Expressed in U.S. Dollars*

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#### 2) SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of the Group's consolidated financial statements are set out below.

##### a) Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRSs") and interpretations issued by the IFRS Interpretations Committee ("IFRS IC") applicable to companies reporting under IFRSs. The financial statements comply with IFRSs as issued by the International Accounting Standards Board ("IASB").

##### b) Basis of preparation

The consolidated financial statements have been prepared on the basis of historical costs and do not take into account increases in the market value of assets.

The accounting policies have been applied consistently by the Group and are consistent with those used in the previous year.

There are no new, revised or amended IFRSs or IFRS IC interpretations that are effective for the first time for the financial period beginning on 1 March 2016 that would be expected to have a material impact on the Group's consolidated financial statements.

##### c) Use of estimates

The preparation of consolidated financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

##### *Critical accounting estimates and judgments*

##### **Depreciation**

Management regularly reviews the estimated useful lives and residual values of the Group's fixed assets and will revise rates of depreciation where useful lives and residual values previously estimated have changed.

## ASIA WEALTH GROUP HOLDINGS LIMITED

### Notes to and forming part of the Consolidated Financial Statements

For the year ended 28 February 2017

Expressed in U.S. Dollars

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#### 2) SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

##### c) Use of estimates (Cont'd)

*Critical accounting estimates and judgments (Cont'd)*

##### **Fair value of investment property**

Fair values, where possible, are based on open market values, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction, after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. However, due to a lack of liquidity in the market, and the fact that no similar transactions have recently taken place, it was not possible to calculate the current market price of the investment property in this way.

##### **Leases**

In determining whether a lease is to be classified as an operating lease or a finance lease, management is required to use their judgment as to whether the significant risks and rewards of ownership of the leased asset have been transferred or not.

##### d) **Investment in subsidiaries**

*Basis of consolidation*

The consolidated financial statements include the financial statements of the Parent Company and its subsidiaries for the year ended 28 February 2017. Details of the Group are set out in note 1.

Subsidiaries are those enterprises controlled by the Parent Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if and only if the Group has:

- power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement with the other vote holders of the investee;
- rights arising from other contractual arrangements; and
- the Group's voting rights and potential voting rights.

## ASIA WEALTH GROUP HOLDINGS LIMITED

### Notes to and forming part of the Consolidated Financial Statements

For the year ended 28 February 2017

*Expressed in U.S. Dollars*

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#### 2) SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

##### d) Investment in subsidiaries (Cont'd)

###### *Basis of consolidation (Cont'd)*

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included or excluded in the consolidated financial statements from the date the Group gains control or until the date the Group ceases to control the subsidiary.

Non-controlling interests pertain to the equity in a subsidiary not attributable, directly or indirectly to the Parent Company. Any equity instruments issued by a subsidiary that are not owned by the Parent Company are non-controlling interests including preferred shares and options under share-based transactions.

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries not wholly-owned and are presented separately in the consolidated statements of income and comprehensive income, consolidated statement of changes in equity and consolidated statement of financial position, separately from the Parent Company's equity.

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity as an "Equity reserve" and attributed to the owners of the Group.

If the Parent Company loses control over a subsidiary, it:

- derecognises the assets (including goodwill) and liabilities of the subsidiary;
- derecognises the carrying amount of any non-controlling interests;
- derecognises the cumulative translation adjustments recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss; and
- reclassifies the Parent Company's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate, as would be required if the Parent Company had directly disposed of the related assets and liabilities.

Intra-group balances and transactions, and any unrealised gains arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.



## ASIA WEALTH GROUP HOLDINGS LIMITED

### Notes to and forming part of the Consolidated Financial Statements

For the year ended 28 February 2017

*Expressed in U.S. Dollars*

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#### 2) SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

##### d) Investment in subsidiaries (Cont'd)

###### *Acquisitions*

The acquisition method of accounting is used to account for business combinations by the Group.

The consideration transferred for the acquisition of a subsidiary or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of (i) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (ii) fair value of the net identifiable assets acquired is recorded as goodwill.

##### e) Investment in associate

The Group's interests in equity-accounted investee comprise investment in associate. Associates are those enterprises in which the Group has significant influence, but not control, over the financial and operating policies. The consolidated financial statements include the Group's share of the total recognised gains and losses of associates on an equity accounted basis, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds the carrying amount of the associate, the carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred obligations in respect of the associate.

##### f) Segment reporting

The Group's operating businesses are organised and managed separately according to geographical area, with each segment representing a strategic business unit that serves a different market. Financial information on business segments is presented in note 14 of the consolidated financial statements.

##### g) Translation reserve

Assets and liabilities of the Group's non-U.S. Dollar functional currency subsidiaries are translated into U.S. Dollars at the closing exchange rates at the reporting date. Revenues and expenses are translated at the average exchange rates for the year. All cumulative differences from the translation of the equity of foreign subsidiaries resulting from changes in exchange rates are included in a separate caption within equity without affecting income.

## ASIA WEALTH GROUP HOLDINGS LIMITED

### Notes to and forming part of the Consolidated Financial Statements

For the year ended 28 February 2017

Expressed in U.S. Dollars

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#### 2) SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

##### h) Financial instruments

###### i) *Classification*

The Group designates all its financial instruments into the category of available-for-sale financial assets. Available-for-sale financial assets are investments intended to be held for an indefinite period of time that may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices. This includes investment in equity securities in a private company.

###### ii) *Recognition, derecognition and measurement*

Regular purchases and sales of investments are recognised on the trade date – the date on which the Group commits to purchase or sell the investment.

Available-for-sale financial assets are initially recognised at fair value. Transaction costs are expensed as incurred in the consolidated statement of comprehensive income.

Subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Gains and losses arising from changes in the fair value are recognised in other comprehensive income. When securities classified as available-for-sale financial assets are sold or impaired, the accumulated fair value adjustments recognised in other comprehensive income are included in the consolidated statement of comprehensive income as 'gains and losses from investment securities'.

Available-for-sale financial assets are derecognised when the rights to receive cash flows from the investments have expired or the Group has transferred substantially all risks and rewards of ownership.

###### iii) *Fair value measurement principles*

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

##### i) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash includes current deposits with banks and brokers and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within current liabilities in the consolidated statement of financial position.

##### j) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Financial assets that are classified as loans and receivables comprise trade receivables, due from related party and loans and other receivables.



## ASIA WEALTH GROUP HOLDINGS LIMITED

### Notes to and forming part of the Consolidated Financial Statements

For the year ended 28 February 2017

*Expressed in U.S. Dollars*

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#### 2) SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

##### j) Loans and receivables (Cont'd)

Trade accounts receivable are recognised initially at fair value and are subsequently recorded at fair value reduced by any appropriate allowances for estimated irrecoverable amounts. An allowance for doubtful accounts is established when there is evidence that the Group will not be able to collect amounts due. The Group primarily uses the specific identification method to determine if the receivable is impaired. The carrying amount of the receivable is reduced through the use of the allowance account, and the amount of the loss is recognised in the consolidated statement of comprehensive income.

The Group determines its allowance by considering a number of factors, including the length of time trade receivables are past due, the Group's previous loss history, the customer's current ability to pay its obligation to the Group, and the condition of the general economy and the industry as a whole.

The Group writes off accounts receivable when they become uncollectible. Actual bad debts, when determined, reduce the allowance, the adequacy of which management then reassesses. The Group writes off accounts after a determination by management that the amounts at issue are no longer likely to be collected, following the exercise of reasonable collection efforts and upon management's determination that the costs of pursuing the collection outweigh the likelihood of recovery.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or the Group has transferred substantially all risks and rewards of ownership.

##### k) Financial liabilities

Financial liabilities, other than those at fair value through profit or loss, are non-derivative contractual obligations to deliver cash or another financial asset to another entity and comprise trade payables, due to related parties, liabilities under finance lease agreements and other payables and accrued expenses.

These financial liabilities are initially recognised initially at fair value less any directly attributable transaction costs and subsequently carried at amortised cost using the effective interest method.

Financial liabilities are derecognised when the obligation specified in a contract is discharged, cancelled or expired.

##### l) Share capital and retained earnings/accumulated deficit

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity.

Retained earnings/accumulated deficit represent the cumulative balance of periodic net income/loss, dividend distributions and prior period adjustments.

## ASIA WEALTH GROUP HOLDINGS LIMITED

### Notes to and forming part of the Consolidated Financial Statements

For the year ended 28 February 2017

*Expressed in U.S. Dollars*

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#### 2) SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

##### m) Fixed assets

Items of fixed assets are stated at cost less accumulated depreciation. Depreciation is charged to the consolidated statement of comprehensive income on a straight-line basis over the estimated useful lives of fixed assets.

The annual rates of depreciation in use are as follows:

Leasehold improvements	20%
Office equipment	20-33%
Vehicles	20%

Subsequent expenditure incurred to replace a component of a fixed asset is capitalised only when it increases the future economic benefits embodied in the item of a fixed asset. All other expenditure is recognised in the consolidated statement of comprehensive income when it is incurred.

##### n) Investment property

Investment property is property held either to earn rental income or capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is initially measured at cost and subsequently at cost less any accumulated depreciation and impairment losses (refer to accounting policy (o)), if any, with any change therein recognised in the consolidated statement of comprehensive income.

Investment property comprises condominium units.

Cost includes expenditure that is directly attributable to the acquisition of investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit and loss. When an investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

When the use of property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

Depreciable investment property is stated at cost less accumulated depreciation. Depreciation is charged to the consolidated statement of comprehensive income on a straight-line basis over the estimated useful lives of the investment property.

The annual rate of depreciation in use for condominium units is 5%.

## ASIA WEALTH GROUP HOLDINGS LIMITED

### Notes to and forming part of the Consolidated Financial Statements

For the year ended 28 February 2017

*Expressed in U.S. Dollars*

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#### 2) SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

##### n) Investment property (Cont'd)

Subsequent expenditure incurred is capitalised only when it increases the future economic benefits embodied in that property. All other expenditure is recognised in the consolidated statement of comprehensive income when it is incurred.

##### o) Impairment

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The recoverable amount is estimated as the greater of an asset's net selling price or value in use. An impairment loss is recognised in the consolidated statement of comprehensive income whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

If in a subsequent period, the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the write-down, the write-down is reversed through the consolidated statement of comprehensive income.

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

##### p) Revenue and expense recognition

In relation to the rendering of professional services, the Group recognises fee income as time is expended and costs are incurred, provided the amount of consideration to be received is reasonably determinable and there is reasonable expectation of its ultimate collection.

Rental income arising from operating leases on investment property is recognised in the consolidated statement of comprehensive income on a straight line basis over the term of the lease.

Interest income is recognised in the consolidated statement of comprehensive income as it accrues.

All expenses are recognised in the consolidated statement of comprehensive income on the accrual basis.

##### q) Offsetting

Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position whenever the Group has a legally enforceable right to set off the recognised amounts and the transactions are intended to be settled on a net basis.

##### r) Leases

Leases of equipment where the Group assumes substantially all the benefits and risks of ownership are classified as finance leases. Finance leases are capitalised at the estimated present value of the underlying lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are recorded as long-term liabilities. The finance charge is taken to the consolidated statement of comprehensive income over the lease period. Assets acquired under finance lease agreements are depreciated over their useful lives.

## ASIA WEALTH GROUP HOLDINGS LIMITED

### Notes to and forming part of the Consolidated Financial Statements

For the year ended 28 February 2017

*Expressed in U.S. Dollars*

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#### 2) SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

##### r) Leases (Cont'd)

Leases of assets under which all the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the consolidated statement of comprehensive income on a straight line basis over the term of the lease. When an operating lease is terminated before the lease term has expired, any penalty is recognised as an expense in the period in which the termination takes place.

##### s) Taxation

Taxation on net profit before taxation for the year comprises both current and deferred tax.

Current tax is the expected income tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date and any adjustment to tax payable in respect of previous years in the countries where the Parent Company and its subsidiaries operate and generate taxable income.

The Group accounts for income taxes in accordance with IAS 12, "Income Taxes," which requires that a deferred tax liability be recognised for all taxable temporary differences and a deferred tax asset be recognised for an enterprise's deductible temporary differences, operating losses, and tax credit carryforwards. A deferred tax asset or liability is measured using the marginal tax rate that is expected to apply to the last dollars of taxable income in future years. The effects of enacted changes in tax laws or rates are recognised in the period that includes the enactment date.

##### t) Share-based payment

The Group entered into a series of equity-settled, share-based payment transactions, under which the Group received services from a third party as consideration for equity instruments (shares, options or warrants) of the Group.

For non-vesting share-based payments, the fair value of the service received in exchange for the shares is recognised as an expense immediately with a corresponding credit to share capital.

For share-based payments with vesting periods, the service received is recognised as an expense by reference to the fair value of the share options granted or warrants issued. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied with a corresponding credit to the share capital reserve.

##### u) Foreign currency

Transactions in foreign currencies are converted at the foreign currency exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into U.S. Dollars at the foreign currency exchange rate ruling at the reporting date.

Foreign currency exchange differences arising on conversion or translation and realised gains and losses on disposals or settlements of monetary assets and liabilities are recognised in the consolidated statement of comprehensive income.

## ASIA WEALTH GROUP HOLDINGS LIMITED

### Notes to and forming part of the Consolidated Financial Statements

For the year ended 28 February 2017

Expressed in U.S. Dollars

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#### 2) SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

##### u) Foreign currency (Cont'd)

Non-monetary assets and liabilities denominated in foreign currencies which are stated at historical cost are translated at the foreign currency exchange rate ruling at the date of the transaction, or if impaired, at the date of the impairment recognition. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated into U.S. Dollars at the foreign currency exchange rates ruling at the dates that the values were determined.

##### v) Amended and newly issued accounting standards

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 March 2016, and have not been applied in preparing these consolidated financial statements. None of these are expected to have a significant effect on the consolidated financial statements of the Group, except the following as set out below:

##### *IFRS 9, "Financial Instruments: Classification and Measurement" ("IFRS 9")*

IFRS 9, effective for annual periods beginning on or after 1 January 2018, is relevant to the Group's operations. It replaces those parts of IAS 39 relating to the classification and measurement of financial assets. Key features are as follows:

- **Classification and measurement.** Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39; however, there are differences in the requirements applying to the measurement of an entity's own credit risk.
- **Impairment.** The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognised.
- **Hedge accounting.** Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures.
- **Derecognition.** The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.

During the year, the Group accounted for its financial assets in accordance with the classification and measurement requirements under IAS 39. Due to the nature of such assets, these requirements will remain the same under IFRS 9; however, the adoption may result in additional disclosures to the consolidated financial statements upon implementation.

## ASIA WEALTH GROUP HOLDINGS LIMITED

### Notes to and forming part of the Consolidated Financial Statements

For the year ended 28 February 2017

Expressed in U.S. Dollars

#### 2) SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

##### v) Amended and newly issued accounting standards (Cont'd)

*IFRS 15 (new), "Revenue from Contracts with Customers" ("IFRS 15")*

IFRS 15, effective for annual periods beginning on or after 1 January 2017, is relevant to the Group's operations. It replaces those parts of IAS 18 relating to the recognition and measurement of revenue. Key features are as follows:

- This standard provides a single, principles based five-step model to be applied to all contracts with customers. The five steps in the model include identifying the contract with the customer, identifying the performance obligations in the contract, determining the transaction price, allocating the transaction price to the performance obligations in the contract and recognising revenue when (or as) the entity satisfies a performance obligation.
- Guidance is provided on topics such as the point at which revenue is recognised, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced.

During the year, the Group accounted for its revenue in accordance with the requirements under IAS 18. Due to the nature of revenue, these requirements will remain the same under IFRS 15; however, the adoption may result in additional disclosures to the consolidated financial statements upon implementation.

#### 3) FIXED ASSETS

	Leasehold improvements	Office equipment	Vehicles	Total
<b>Cost:</b>				
At 29 February 2016	20,281	28,396	89,833	138,510
Additions	—	2,308	447	2,755
Disposal	—	—	(34,888)	(34,888)
At 28 February 2017	20,281	30,704	55,392	106,377
<b>Depreciation:</b>				
At 29 February 2016	20,082	23,033	54,129	97,244
Charge for the year	199	3,673	8,452	12,324
Disposal	—	—	(34,888)	(34,888)
At 28 February 2017	20,281	26,706	27,693	74,680
<b>Net book value:</b>				
At 28 February 2017	\$ —	\$ 3,998	\$ 27,699	\$ 31,697
At 29 February 2016	\$ 199	\$ 5,363	\$ 35,704	\$ 41,266

As at 28 February 2017, the Group had fixed assets with a net book value of \$26,805 (2016: \$35,704) under a finance lease agreement (refer to note 11).



## ASIA WEALTH GROUP HOLDINGS LIMITED

### Notes to and forming part of the Consolidated Financial Statements

For the year ended 28 February 2017

Expressed in U.S. Dollars

#### 4) INVESTMENT PROPERTY

	Condominium units
<b>Cost:</b>	
At 29 February 2016	—
Addition	<u>387,939</u>
At 28 February 2017	<u>387,939</u>
<b>Depreciation:</b>	
At 29 February 2016	—
Charge for the year	<u>7,693</u>
At 28 February 2017	<u>7,693</u>
<b>Net book value:</b>	
At 28 February 2017	\$ <u>380,246</u>
At 29 February 2016	\$ <u>—</u>

Investment property comprises condominium units at The Prime 11 Condominium in Bangkok, Thailand. Management's estimate of the market value of the investment property at year end was \$380,246.

#### 5) INVESTMENT IN SUBSIDIARY

On 12 January 2015, the Group paid \$12,410 for a 20% interest in BTS Property, a company incorporated on 22 December 2014 in Thailand.

On 22 June 2015, the Group paid \$28,987 for an additional 48.99% interest in BTS Property.

The fair values of assets acquired and liabilities assumed during the acquisition were as follows:

Cash and cash equivalents	420
Short-term fixed deposit	2,958
Accounts and other receivables	75,391
Fixed assets	579
Other assets	60,988
Payables	<u>(97,457)</u>
Net assets arising from business acquisition	42,879
Percentage of ownership acquired	<u>68.99%</u>
Equity interest acquired	<u>\$29,582</u>
Consideration paid – prior year	41,397
Fair value of identifiable net assets	<u>(29,582)</u>
Goodwill	<u>\$11,815</u>

## ASIA WEALTH GROUP HOLDINGS LIMITED

### Notes to and forming part of the Consolidated Financial Statements

For the year ended 28 February 2017

Expressed in U.S. Dollars

#### 5) INVESTMENT IN SUBSIDIARY (Cont'd)

In the eight months to 29 February 2016, BTS Property contributed net losses of \$31,477 to the Group. If the acquisition had occurred on 1 May 2015, management estimates that the Group would have incurred losses of \$32,207. In determining these amounts, management assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition, would have been the same if the acquisition had occurred on 1 May 2015.

During the year, goodwill was impaired and written off in the consolidated statement of comprehensive income.

The following details certain information with respect to the subsidiary that has non-controlling interests:

Subsidiary	Accumulated balances of non-controlling interests		Total comprehensive loss allocated to Non-controlling interests	
	2017	2016	2017	2016
BTS Property – 31.01%	\$(17,552)	\$(1,201)	\$(16,291)	\$(14,149)

#### 6) INVESTMENT IN ASSOCIATE

On 21 December 2016, the Group paid \$29,382 for a 50.995% interest in Beehive Asia Co., Ltd., a company incorporated in Thailand. The Group has no control over the financial and reporting policies of Beehive and has accordingly accounted for it as an associate.

Movements of investment in associate as at 28 February 2017 were as follows:

	2017	2016
Balance at beginning of year	–	–
Investment during the year	29,382	–
Share of loss of associate company	(29,382)	–
Balance at end of year	\$ –	\$ –

#### 7) RELATED PARTY TRANSACTIONS

The Group was charged \$38,390 (2016: \$40,206) in accounting fees by Administration Outsourcing Co., Ltd, a company related by way of common directorship, of which \$4,602 (2016: \$6,110) remained outstanding as at 28 February 2017.

During the year, the Group paid directors' fees, inclusive of an accommodation allowance, amounting to \$218,902 (2016: \$216,418).



## ASIA WEALTH GROUP HOLDINGS LIMITED

### Notes to and forming part of the Consolidated Financial Statements

For the year ended 28 February 2017

Expressed in U.S. Dollars

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#### 7) RELATED PARTY TRANSACTIONS (Cont'd)

The Group entered into transactions with companies related through common ownership. Details are as follows:

(a) Due from related party		2017	2016
Beehive Asia Co., Ltd.		\$97	\$ —
(b) Due to related parties		2017	2016
Beehive DMCC		29,382	—
Directors		30,584	10,911
		<u>\$59,966</u>	<u>\$10,911</u>

The amounts due from and to related parties are unsecured, interest-free and repayable on demand, except for the amount due to Beehive DMCC which shall bear interest at 1% per annum beginning on 19 June 2017.

#### 8) AVAILABLE-FOR-SALE INVESTMENT

On 12 June 2012, the Parent Company acquired a 15% equity interest in Ray Alliance Financial Advisers Pte Ltd ("Ray Alliance") for a consideration of 322,000 shares issued at £0.70 per share. The Parent Company also issued 16,100 shares at £0.60 per share in consideration for the advisory services provided during the transaction. The total cost of the investment amounted to \$318,162. Refer to note 16.

#### 9) SHARE CAPITAL

##### Authorised

The Parent Company is authorised to issue an unlimited number of no par value shares of a single class.

##### Issued and fully paid

11,433,433 (2016: 11,433,433) shares of no par value per share.

Each share in the Parent Company confers upon the shareholder:

- (a) the right to one vote on any resolution of shareholders;
- (b) the right to an equal share in any dividend paid by the Parent Company; and
- (c) the right to an equal share in the distribution of the surplus assets of the Parent Company on its liquidation.

## ASIA WEALTH GROUP HOLDINGS LIMITED

### Notes to and forming part of the Consolidated Financial Statements

For the year ended 28 February 2017

Expressed in U.S. Dollars

#### 10) SHARE-BASED PAYMENTS

##### a) Options

Share options outstanding as at the end of the year had the following expiry dates and exercise prices:

Grant Date	Expiry Date	Exercise Price	2017	2016
1 October 2012	27 May 2017	£0.60	50,000	50,000
1 July 2013	1 July 2016	£0.60	—	260,000
31 July 2013	30 July 2017	£0.60	100,000	100,000

During the year, share options of 260,000 with exercise price of £0.60 were not exercised and, thus expired resulting in the transfer to accumulated deficit of \$18,561.

##### b) Warrants

During the year, share warrants of 55,444 with exercise price of £0.60 were not exercised and, thus expired resulting in the transfer to accumulated deficit of \$6,154.

#### 11) LEASES

	2017	2016
Liabilities under finance lease agreements:		
Less than 1 year	7,017	7,868
1 to 5 years	<u>18,245</u>	<u>26,032</u>
Total	25,262	33,900
Less: Deferred interest	<u>(2,525)</u>	<u>(3,753)</u>
	22,737	30,147
Less: Current portion net of short term deferred interest	<u>(6,123)</u>	<u>(6,771)</u>
Net	<u>\$16,614</u>	<u>\$23,376</u>

#### 12) TAXATION

There is no mainstream taxation in the British Virgin Islands. The Parent Company and Meyer BVI are not subject to any forms of taxation in the British Virgin Islands, including income, capital gains and withholding taxes.

Meyer Thailand, BTS Property and Prime RE are subject to Thailand graduated statutory income tax at a rate of 0-30% on profit before tax.

The current tax expense included in the consolidated statement of comprehensive income was \$nil (2016: \$nil).

The Group had no deferred tax assets or liabilities as at the reporting date.

## ASIA WEALTH GROUP HOLDINGS LIMITED

### Notes to and forming part of the Consolidated Financial Statements

For the year ended 28 February 2017

Expressed in U.S. Dollars

#### 13) LOSS PER SHARE

##### a) Basic

Basic loss per share is calculated by dividing the loss attributable to equity holders of the Parent Company by the weighted average number of shares in issue during the year.

	2017	2016
Loss attributable to equity holders of the Company	\$(94,104)	\$(135,919)
Weighted average number of shares in issue	<u>11,433,433</u>	<u>11,433,433</u>
Basic loss per share	\$(0.00823)	\$(0.01189)

##### b) Diluted

Diluted loss per share is calculated by adjusting the weighted average number of shares outstanding to assume conversion of all dilutive potential shares. The Company has share warrants and share options as potential dilutive shares. For the share options and warrants, a calculation is done to determine the number of shares that could have been acquired at fair value based on the monetary value of the subscription rights attached to outstanding share options and warrants. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options and warrants.

	2017	2016
Loss attributable to equity holders of the Company	\$(94,104)	\$(135,919)
Weighted average number of shares in issue	11,433,433	11,433,433
Adjusted for weighted average number of :		
- share options (see note 10(a))	150,000	410,000
- share warrants (see note 10(b))	<u>—</u>	<u>55,444</u>
Weighted average number of shares for diluted earnings per share	<u>11,583,433</u>	<u>11,898,877</u>
Diluted loss per share	\$(0.00812)	\$(0.01142)

#### 14) SEGMENTAL INFORMATION

The Group has three reportable segments based on geographical areas where the Group operates and these were as follows:

British Virgin Islands (“BVI”) – where the Company and Meyer BVI are domiciled. The Company serves as the investment holding company of the Group and Meyer BVI provides wealth management and advisory services.

Thailand – where Meyer Thailand is domiciled and provides marketing and economic consulting services to the Group; where Prime RE is domiciled and provides property rental services; and BTS Property is domiciled and provides property management services.

# ASIA WEALTH GROUP HOLDINGS LIMITED

## Notes to and forming part of the Consolidated Financial Statements

For the year ended 28 February 2017

Expressed in U.S. Dollars

### 14) SEGMENTAL INFORMATION (Cont'd)

The reportable segmental revenue, other profit and loss disclosures and assets were as follows:

#### Revenue

	2017			2016		
	Total segment revenue	Inter-segment revenue	Revenue from external customers	Total segment revenue	Inter-segment revenue	Revenue from external customers
BVI	1,475,832	—	1,475,832	1,163,503	—	1,163,503
Thailand	<u>258,731</u>	<u>(207,708)</u>	<u>51,023</u>	<u>282,001</u>	<u>(243,168)</u>	<u>38,833</u>
Total	<u>\$1,734,563</u>	<u>\$(207,708)</u>	<u>\$1,526,855</u>	<u>\$1,445,504</u>	<u>\$(243,168)</u>	<u>\$1,202,336</u>

The revenue between segments is carried out at arm's length.

#### Other profit and loss disclosures

	2017			2016		
	Commission expense	Depreciation	Income tax	Commission expense	Depreciation	Income tax
BVI	866,677	753	—	532,192	985	—
Thailand	<u>14,300</u>	<u>19,264</u>	<u>—</u>	<u>2,446</u>	<u>27,584</u>	<u>—</u>
Total	<u>\$880,977</u>	<u>\$20,017</u>	<u>\$ —</u>	<u>\$534,638</u>	<u>\$28,569</u>	<u>\$ —</u>

#### Assets

	2017		2016	
	Total assets	Additions to non-current assets	Total assets	Additions to non-current assets
BVI	1,467,246	1,381	1,873,250	—
Thailand	<u>576,542</u>	<u>389,313</u>	<u>205,546</u>	<u>910</u>
Total	<u>\$2,043,788</u>	<u>\$390,694</u>	<u>\$2,078,796</u>	<u>\$910</u>

Intersegment assets amounting to \$3,147,145 (2016: \$2,197,790) were already eliminated in the total assets per segment above.

Revenues from two customers of the BVI segment represent approximately 68% (2016: 61%) of the Group's total revenues.

## ASIA WEALTH GROUP HOLDINGS LIMITED

### Notes to and forming part of the Consolidated Financial Statements

For the year ended 28 February 2017

*Expressed in U.S. Dollars*

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#### 15) FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS

Financial assets of the Group include cash and cash equivalents, trade receivables, loans and other receivables, due from related party and available-for-sale investment. Financial liabilities include trade payables, due to related parties and other payables and accrued expenses.

##### a) Market risk

Market risk represents the potential loss that can be caused by a change in the market value of the Group's financial instruments. The Group's exposure to market risk is determined by a number of factors which include interest rate risk.

##### *Interest rate risk*

The financial instruments exposed to interest rate risk comprise cash and cash equivalents.

The Group is exposed to interest rate cash flow risk on cash and cash equivalents, which earn interest at floating interest rates that are reset as market rates change. The Group is exposed to interest rate risk to the extent that these interest rates may fluctuate.

A sensitivity analysis was performed with respect to the interest-bearing financial instruments with exposure to fluctuations in interest rates and management noted that there would be no material effect to shareholders' equity or net income for the year.

##### b) Credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if financial instrument counterparties failed to perform as contracted.

As at 28 February 2017, the Group's financial assets exposed to credit risk amounted to the following:

	2017	2016
Cash and cash equivalents	869,147	1,281,923
Trade receivables (net of allowance for doubtful accounts of \$nil (2016: \$44,100))	215,041	268,828
Loans and other receivables	133,046	45,843
Due from related party	97	—
Available-for-sale investment	318,162	318,162
Investment in associate	—	—
	<u>\$1,535,493</u>	<u>\$1,914,756</u>

## ASIA WEALTH GROUP HOLDINGS LIMITED

### Notes to and forming part of the Consolidated Financial Statements

For the year ended 28 February 2017

Expressed in U.S. Dollars

#### 15) FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (Cont'd)

##### b) Credit risk (Cont'd)

The ageing of the Group's trade receivables as at 28 February 2017 is as follows:

	2017		2016	
	Gross	Impairment	Gross	Impairment
1 – 90 days	141,211	—	182,706	—
91 – 180 days	<u>73,830</u>	<u>—</u>	<u>130,222</u>	<u>44,100</u>
	<u>\$215,041</u>	<u>\$ —</u>	<u>\$312,928</u>	<u>\$44,100</u>

The movement in the allowance for doubtful accounts as at 28 February 2017 is as follows:

	2017	2016
Balance at 1 March	44,100	—
Additional allowance	—	44,100
Written off	<u>(44,100)</u>	<u>—</u>
Balance at 28 February	<u>\$ —</u>	<u>\$44,100</u>

The Group invests all its available cash and cash equivalents in several banks. The Group is exposed to credit risk to the extent that these banks may be unable to repay amounts owed. To manage the level of credit risk, the Group attempts to deal with banks of good credit standing, whenever possible.

The Group has two significant customers which expose it to credit risk, though the exposure to credit risk is reduced as these customers have a good working relationship with the Group. To reduce exposure to credit risk, the Group may perform ongoing credit evaluations on the financial condition of its customers, but generally does not require collateral.

The Group is exposed to credit risk with respect to its investments. Bankruptcy or insolvency of the investee companies may cause the Group's rights to the security to be delayed or limited.

The extent of the Group's exposure to credit risk in respect of these financial assets approximates their carrying values.

##### c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. Typically, the Group ensures that it has sufficient cash on demand to meet expected operational needs as they arise.

## ASIA WEALTH GROUP HOLDINGS LIMITED

### Notes to and forming part of the Consolidated Financial Statements

For the year ended 28 February 2017

*Expressed in U.S. Dollars*

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#### 16) FAIR VALUE INFORMATION

The Group's investment at the reporting date comprises an investment in the unlisted ordinary shares of Ray Alliance. Ordinary shares that have no active market and whose fair value cannot be reliably measured are carried at cost, less impairment, if any.

For certain of the Group's financial instruments, not carried at fair value, including cash and cash equivalents, trade receivables, loans and other receivables, due to/from related parties, trade payables and other payables and accrued expenses, the carrying amounts approximate fair value due to the immediate or short-term nature of these financial instruments.

The fair value hierarchy has the following levels:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level of input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgment by the Group. The Group considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

Investments whose values are based on quoted market prices in active markets are therefore classified within Level 1.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2. As Level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

Investments classified within Level 3 have significant unobservable inputs, as they trade infrequently. The Group's Level 3 investment comprises an investment in unlisted shares valued at cost, since there was no information to estimate their fair values. The Group believes that the value stated as at 28 February 2017 is most representative of its fair value.

## ASIA WEALTH GROUP HOLDINGS LIMITED

### Notes to and forming part of the Consolidated Financial Statements

For the year ended 28 February 2017

Expressed in U.S. Dollars

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#### 16) FAIR VALUE INFORMATION (Cont'd)

The following table analyses within the fair value hierarchy the Group's financial assets (by class) measured at fair value at the reporting date:

	2017	2016
<i>Level 3</i>		
Available-for-sale investment	<u>\$318,162</u>	<u>\$318,162</u>

The Group did not hold any investments under the Level 1 and Level 2 hierarchies as at 28 February 2017 and 2016.

There were no significant investments transferred between Levels 1, 2 and 3.

#### 17) CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are:

- to safeguard the Group's ability to continue as a going concern; and
- to provide adequate returns to its shareholders.

In order to maintain or balance its overall capital structure to meet its objectives, the Group is continually monitoring the level of share issuance and any dividend declaration and distributions to shareholders in the future.

#### 18) SUBSEQUENT EVENT

On 6 June 2017, it came to the attention of the Group that the 45,000 ordinary shares in Ray Alliance Financial Advisers Pte Ltd ("Ray Alliance") owned by the Parent Company had been transferred without any authorisation by the Parent Company to the two other shareholders of Ray Alliance. At this stage it is not known how the transfer could have been done without the authorisation or consent of the Parent Company. Under the circumstances, the Parent Company considers this unauthorised transfer to be wrongful and entirely without legal basis.

The Parent Company has recently engaged a Singapore law firm and is currently taking legal advice on the matter. The Parent Company is considering various options including taking legal action against the appropriate parties. Through its solicitors, the Parent Company has made a demand to the two other shareholders to immediately transfer back to the Parent Company the said 45,000 ordinary shares in Ray Alliance.