

3 November 2017

Mr John Williams  
Head of Admissions  
NSX Limited  
1 Bligh Street  
SYDNEY NSW 2000

Dear Sir

**CIRCLE INTERNATIONAL HOLDINGS LIMITED**

In relation to the proposed NSX listing of Circle International Holdings Limited ("CIHL" or the "Company"), you have requested HLB Mann Judd to provide a descriptive summary of the key movements between the audited accounts for CIHL as at 31 December 2016 and the pro forma position as at 30 June 2017.

CIHL has entered into three separate acquisition agreements to acquire the entire issued capital of Circle Corporation International Limited ("CCIL"), Circle Corporation Mediatech Sdn Bhd ("CCMT") and Inno Mind Works Sdn Bhd ("IMW") which are currently wholly owned subsidiaries of Circle Corp Sdn Bhd ("CCSB"). Completion under the acquisition agreements is conditional upon the NSX granting conditional approval for the Company to be admitted to the Official List of NSX.

We have provided the relevant descriptive summary below. The pro forma adjustments can be characterised as being either a) those directly related to the transaction and b) those representing working capital and other movements between the 31 December 2016 audited accounts and the 30 June 2017 unaudited management accounts provided by the Company.

All amounts are in Australian dollars and note references are to the Investigating Accountant's Report included within the Prospectus.

**Cash and cash equivalents - \$75,692 increase (Note 2)**

The movement in cash and cash equivalents are reflective of the balance sheet movements as described below in addition to operating cash flows for the period ended 30 June 2017. Movements arising in relation to the transaction include the cash balances of the Circle Group entities acquired by CIHL as well as payments of the costs of the transaction.

**Trade and other receivables - \$1,472,117 increase (Note 3)**

The movement is general working capital movements of CCIL and IMW related to their

**HLB Mann Judd (WA Partnership) ABN 22 193 232 714**

Level 4 130 Stirling Street Perth WA 6000 | PO Box 8124 Perth BC WA 6849 | Telephone +61 (08) 9227 7500 | Fax +61 (08) 9227 7533

Email: [mailbox@hlbwa.com.au](mailto:mailbox@hlbwa.com.au) | Website: [www.hlb.com.au](http://www.hlb.com.au)

Liability limited by a scheme approved under Professional Standards Legislation

trading operations for the period ended 30 June 2017 as well as trade receivables acquired.

Loans and other receivables - \$784,910 increase (Note 3)

The majority of the movements relates to a loan advanced to CCSB of \$762,542.

Intangible assets - \$2,844,258 increase (Note 5)

The intangible asset is related to the e-commerce system of the Company under development. An additional amount of \$750,605 was capitalised during the period in relation to work undertaken on the e-commerce system by Prestige Holding Pty Ltd and the asset is not currently being amortised under AASB 138 as the asset is not yet complete and available for use. No indicators of impairment were identified by management or as a result of our review procedures.

Trade and other payables - \$2,389,938 increase (Note 7)

The movement is general working capital movements of CCIL and IMW related to their trading operations as well as the trade payables acquired as a result of the transaction.

Other liabilities - \$419,154 increase (Note 8)

The movement relates to loans from directors (\$245,956) and CCSB (\$412,761) acquired in addition to the subsequent repayment of the CCSB loan. The remaining movements relate to increases in director loans to 30 June 2017.

Borrowings - \$311,881 increase (Note 9)

Movements in borrowings are principally comprised of borrowings assumed as part of the transaction, repayments in addition to finance charges.

Issued capital - \$1,538,978 increase (Note 10)

The movement in issued capital pertains to the issue of shares to acquire the Circle Group entities in addition to the issue of shares pursuant to the Prospectus.

Retained earnings - \$375,021 increase (Note 11)

The movement in retained earnings relates to the current earnings of CCIL and IMW for the period from 31 December 2016 to 30 June 2017. This also includes pro forma adjustments in relation to the stamp duty and other costs arising under the transaction.

We trust the above is sufficient for the purposes of fulfilling the request. Please contact me should you have any further queries.

Yours faithfully  
HLB MANN JUDD



MARCUS R OHM  
Partner