SYDNEY SUNNY GLASS PTY LTD

ABN 85 603 335 548

31 December 2019 Interim Financial Report

Director's Report

31 December 2019

The Director of Sydney Sunny Glass Pty Ltd ("the Company”) presents their report together with the financial statements of the Company for the half year ended 31 December 2019.

Director

The following person was a director of the company during the whole of the financial period and up to the date of this report, unless otherwise stated:

• Mr Shengqiang Chi, Director

Review of operations

The Company made an operating loss of $930,646 (2018: Loss of $44,698) after income tax for the half year ended 31 December 2019.

Principal activity

The Company’s principal activity during the financial period ended 31 December 2019 was to carry on a glass processing and manufacturing business.

Events arising since the end of the reporting period

The company signed a Design and Construct contract with Maxcon Constructions Pty Ltd on 21-02-2020 to design and construct glass windows and curtain walls for the project Panorama in Box Hill, Victoria for a total contract sum of $12,250,000 Ex-GST for the period from July 2020 to November 2021.

The recent outbreak of COVID-19 pandemic might also have some significant effects on the overall company business. This may affect the company's future performance.

Future developments, prospects and business strategies

The Company will continue to pursue its main activity as a leading glass processing and manufacturing company.

Environmental regulation

The Company’s operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory of Australia.

Director's Report
Continued

Information on directors

Name:	Mr Shengqiang (Sunny) Chi
Title:	Executive Director
Qualifications:	Bachelor of Electronic Engineering Technology
Experience & expertise:	Mr Shengqiang Chi is the founder and CEO of Sydney Sunny Glass Pty Ltd which he established in April 2015 to develop a significant glass product manufacturing company. Upon graduation from Fujian University of Technology in China, Sunny joined a predecessor company to Fuyao Glass Industry Group Co (Hong Kong Stock Exchange: 3606). For over 25 years, Sunny gained an in-depth knowledge of the glass products industry through his time as an engineer with roles as general manager of production planning, quality control and finally as the regional general manager of sales and marketing. Mr Shengqiang Chi is fluent in Mandarin, Fuqing and English and currently holds the position of Executive Vice President and Secretary General for the Australian Fujian Entrepreneurs Association.
Special responsibilities:	None

Company secretary

No appointed company secretary during or since the end of the financial period.

Dividends

No dividends were paid or declared during the period.

Options

No options over issued shares or interests in the Company were granted during or since the end of the financial period and there were no options outstanding at the date of this report.

Indemnification of officers

No indemnities have been given or insurance premiums paid, during or since the end of the financial period, for any person who is or has been an officer or auditor of the Company.

Director's Report
Continued

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is partly for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

Rounding of amounts

The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

Auditor

BDO Audit (WA) Pty Ltd continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

Signed in accordance with a resolution of the Director:

Shengqiang (Sunny) Chi
Director
12 June 2020

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DECLARATION OF INDEPENDENCE BY GLYN O'BRIEN TO THE DIRECTOR OF SYDNEY SUNNY GLASS PTY LTD

As lead auditor for the review of Sydney Sunny Glass Pty Ltd for the half-year ended 31 December 2019, I declare that, to the best of my knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the review.

Glyn O'Brien

Director

BDO Audit (WA) Pty Ltd

Perth, 12 June 2020

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General information

The financial statements cover Sydney Sunny Glass Pty Ltd as an individual entity. The financial statements are presented in Australian dollar, which is Sydney Sunny Glass Pty Ltd's functional and presentation currency.

Sydney Sunny Glass Pty Ltd is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office

239-251 Woodpark Road,
Smithfield NSW 2164.

A description of the nature of the company's operations and its principal activities are included in the director's declaration.

The financial statements were authorised for issue, in accordance with a resolution of director, on 12 June 2020. The director has the power to amend and reissue the interim financial statements.

Statement of Financial Position

As at 31 December 2019

	Notes	Dec-19	Jun-19
		$	$
Assets			
Current Assets			
Cash and cash equivalents		33,775	50,827
Trade receivables		910,040	1,102,294
Other receivables		110,667	329,514
Inventories		921,698	1,353,751
Total current assets		**1,976,180**	**2,836,386**
Non-current Assets			
Property, plant and equipment	3	7,037,009	617,625
Total non-current assets		**7,037,009**	**617,625**
Total assets		**9,013,188**	**3,454,011**
Liabilities			
Current Liabilities			
Trade and other payables	4	1,671,976	2,428,848
Borrowings	5	4,264,337	3,384,269
Income tax		195,137	195,137
Lease liability	6	363,435	-
Total current liabilities		**6,494,885**	**6,008,254**
Non-current Liabilities			
Borrowings	5	91,378	105,442
Lease liability	6	6,017,256	-
Total non-current liabilities		**6,108,635**	**105,442**
Total liabilities		**12,603,519**	**6,113,696**
Net assets/(liabilities)		**(3,590,331)**	**(2,659,685)**
Equity			
Issued capital	7	100	100
Accumulated Losses	8	(3,590,431)	(2,659,785)
Total Equity/(Deficiency)		**(3,590,331)**	**(2,659,685)**

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

Statement of Profit or Loss and Other Comprehensive Income

For the half year ended 31 December 2019

	Notes	2019 $	2018 $
Revenue		2,198,345	2,639,866
Cost of goods sold		(1,365,948)	(1,003,697)
Gross profit		832,397	1,636,170
Expenses			
Distribution expenses		(63,918)	(34,425)
Marketing expenses		(42,273)	(32,302)
Employment expenses		(732,393)	(759,803)
Repairs and maintenance expenses		(31,276)	(128,352)
Occupancy costs		(168,105)	(476,839)
Depreciation Expense		(313,259)	(71,290)
Finance costs		(170,437)	(38,244)
General and Administration expenses		(241,381)	(139,611)
Profit /(Loss) before income tax expense		(930,646)	(44,698)
Income tax expense		-	-
Profit/(Loss) after income tax expense for the period attributable to the owners of Sydney Sunny Glass Pty Ltd		(930,646)	(44,698)
Other comprehensive income for the period, net of tax		-	-
Total comprehensive income/(Loss) for the period attributable to the owners of Sydney Sunny Glass Pty Ltd		**(930,646)**	**(44,698)**

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

For the half year ended 31 December 2019

	Issued Capital $	(Accumulated Losses)/ Retained Earnings $	Total Equity $
Balance at 1 July 2018	**100**	**(1,836,372)**	**(1,836,272)**
Profit/(Loss) after income tax expense for the half year	-	(44,698)	(44,698)
Other comprehensive income/(loss) for the half year, net of tax	-	-	-
Total comprehensive income/(loss) for the half year	**-**	**(44,698)**	**(44,698)**
Balance at 31 December 2018	**100**	**(1,881,069)**	**(1,880,969)**
Balance at 1 July 2019	**100**	**(2,659,785)**	**(2,659,685)**
Shares issued	-	-	-
Profit/(Loss) after income tax expense for the half year	-	**(930,646)**	**(930,646)**
Other comprehensive profit/(loss) for the half year, net of tax	-	-	-
Total comprehensive income/(loss) for the half year	**-**	**(930,646)**	**(930,646)**
Balance at 31 December 2019	**100**	**(3,590,431)**	**(3,590,331)**

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

Statement of Cash Flows

For the half year ended 31 December 2019

	Notes	2019 $	2018 $
Cash Flow from operating activities			
Receipts from customers (inclusive of GST)		2,394,630	2,403,137
Payments to suppliers and employees (inclusive of GST)		(2,755,298)	(2,292,056)
Interest paid		(23,955)	(30,788)
Net cash from/(used in) operating activities	10	**(384,622)**	**80,293**
Cash Flow from/(used in) investing activities			
Payments for property, plant and equipment		(209,008)	(13,636)
Net cash (used in) investing activities		**(209,008)**	**(13,636)**
Cash flow from financing activities			
Repayment of loans		(536,834)	(388,013)
Proceeds from loans advanced		1,113,411	273,581
Net cash provided by/(used in) financing activities		**576,578**	**(114,432)**
Net increase/(decrease) in cash and cash equivalents		(17,052)	(47,776)
Cash and cash equivalents at the beginning of the half year		50,827	150,829
Cash and cash equivalents at the end of the half year		**33,775**	**103,053**

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Interim Financial Statements
For the half year ended 31 December 2019

Note 1. Significant accounting policies

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the impact of the new or amended standards became applicable for the current reporting period. The Company has updated its accounting policies as a result of adopting the following standards and amendments from 1 July 2019:
•AASB 16 Leases
•Interpretation 23 Uncertainty over Income Tax Treatments
The Company did not have to make any retrospective adjustments as a result of adopting these standards. Refer to Note 12 for the changes adopted.

New or amended Accounting Standards and Interpretations adopted

The company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

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

Basis of preparation

This interim financial report for the half-year reporting period ended 31 December 2019 has been prepared in accordance with accounting standard AASB 134 Interim Financial Reporting and the Corporations Act 2001. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

This interim financial report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Company as in the full financial report.

It is recommended that this interim financial report be read in conjunction with the annual financial report for the financial year ended 30 June 2019.

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, certain classes of property and plant and equipment.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a diminishing value method to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Leasehold improvements	3-10 years
Plant and equipment	1-15 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Leases

Leases of property and equipment where the Company, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short term and long term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The property and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Company will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

GOING CONCERN

The financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of the business.

The net loss for the Company for the half year ended 31 December 2019 was $930,646 (31 December 2018: $44,698). At 31 December 2019 the Company had a working capital deficiency of $4,518,705 (30 June 2019: $3,171,868). These deficiencies were due to director and investor loans that are intended to be converted to equity. During the half year ended 31 December 2019, the Company total sales was $2,198,345 while during the half year ended 31 December 2018 it was $2,639,866.

Going concern (continued)

These conditions indicate a material uncertainty that may cast a significant doubt about the Company's ability to continue as a going concern and, therefore, the Company may be unable to realise its assets and discharge its' liabilities in the normal course of business. The current outbreak of Covid-19 could further affect the overall performance of the company.

Management have reasonable grounds to believe that the company will continue as a going concern. The company plan to secure further investment through an IPO exercise. A further draw down of investors' loans facilities is possible when required. A conversion/settlement of loans to equity occurred in June 2020. Refer to Note 11.

Should the company be unable to continue as a going concern it may be required to realise its assets and discharge its liabilities other than in the normal course of business at amounts different to those stated in the financial statements. This financial report does not include any adjustments relating to the recovery and classification of recorded asset amounts or the amounts or classification of liabilities and appropriate disclosure that may be necessary should the company be unable to continue as a going concern.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the interim financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each company. These assumptions include recent sales experience and historical collection rates.

Provision for impairment of inventories

The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

Estimation of useful lives of assets

The company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Leases and right to use assets

The company determined the lease term to include the options to renew for further terms.

The incremental borrowing rate is based on the rates quoted online by the company's bank for equivalent financing arrangements.

3. Non-Current Assets - Property, Plant and Equipment

	Dec-19	Jun-19
	$	$
Plant & Equipment	868,177	715,533
Less: Accumulated Depreciation	(422,043)	(378,113)
	446,134	337,420
Office Furniture & Equipment	26,631	26,631
Less: Accumulated Depreciation	(21,439)	(21,029)
	5,192	5,602
Motor Vehicles	545,031	488,668
Less: Accumulated Depreciation	(243,003)	(214,065)
	302,028	274,603
Right of use asset	6,523,635	-
Less: Accumulated Depreciation	(239,980)	-
	6,283,655	-
Total Plant and Equipment	7,037,009	617,625
Total Property, Plant and Equipment	7,037,009	617,625

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Right of use asset	Plant & Equipment	Office Furniture & Equipment	Motor Vehicles	Total
Balance at 1 July 2018	-	416,382	6,608	324,119	747,109
Additions	-	13,190	-	13,636	26,826
Disposals	-	-	-	-	-
Depreciation expense	-	(92,152)	(1,006)	(63,152)	(156,310)
Balance at 30 June 2019	-	337,420	5,602	274,603	617,625
Adoption of AASB 16 (Note 12)	6,523,635	-	-	-	6,523,635
Additions	-	152,644	-	56,364	209,008
Disposals	-	-	-	-	-
Depreciation expense	(239,980)	(43,930)	(411)	(28,939)	(313,259)
Balance at 31 Dec 2019	6,283,655	446,134	5,191	302,028	7,037,009

4. Trade and other payables

	Dec-19	Jun-19
	$	$
BAS Liability	208,857	152,291
PAYG Withholding Payable	19,930	11,835
Customer deposits	17,450	7,704
Superannuation Payable	24,200	30,426
Other Payroll Liabilities	97,885	-
Trade Creditors	1,194,753	2,028,449
Accruals	108,580	197,820
Lisec and Baumart Settlement	323	323
Total	1,671,976	2,428,848

Note: The carrying value of trade payables reflect their Fair Value due to their short term nature.

5. Borrowings

	Dec-19 $	Jun-19 $
Business Loan (MB GL350)	36,961	32,960
Business Loan jaguar	17,412	-
Business Loan - MB E250	13,945	18,643
Business Loan Folklift(4t)	6,895	11,569
Loan from director (Note 1)	1,786,800	1,861,306
Loan From Investor - Mutual St (Note 2)	2,334,597	1,221,186
Business Loan (Holden) 01SSG	5,038	11,044
Business loan (Crane Truck)	19,017	19,779
Business loan Forklift (8t)	15,393	14,879
Business Loan - ANZ (Note 3)	25,632	62,581
Loan from Overseas Union Finance	2,646	130,323
Total	4,264,337	3,384,269

Notes to Borrowings:
Note 1: Loan from Director is interest free and has no fixed term. The loan has been converted to equity subsequent to the reporting date see note 11.
Note 2: Loan from Investor was an advance from the investor which is interest free and has no fixed term. A portion of the funding is intended to be converted to equity with the remaining balance being repaid in the future.
Note 3: ANZ Business Loan has a total facility limit of $200,000 with a term of 3 years commencing from the first drawdown date. Interest is charged at ANZ's Business Mortgage Index rate published weekly on www.anz.com
Note 4: Loan from Overseas Union Finance is a Cash Advance Facility with an aggregate maximum of $220,000. Interest is charged at 2% per month on the outstanding amount and will be payable 3 monthly in advance.

Non-current liabilities: borrowings

Non-current portions of borrowings	91,378	105,442
Total	91,378	105,442

6. Lease Liability

	Dec-19 $	Jun-19 $
Lease Liability		
Current	363,435	-
Non Current	6,017,256	-
TOTAL	6,380,691	-
Reconciliation of movements in the balance		
Opening balance	-	-
Amounts recognised on transition	6,523,635	-
Less: amount repaid	(289,426)	-
Interest	146,483	-
Closing balance at end of period	6,380,691	-

(i) Leases

The Company has assessed the new leasing standard, AASB 16 Leases, and has determined that it is applicable for the inputs to the calculation are as follows:

Lisec Equipment
Time Period: 10 years 9 months from 1 July 2019
Rate: Implicit interest rate of 4.99%
Fair Value at the transition date: $418,198

Smithfield Premises
Time Period: 13 years 10 months from 1 July 2019
Rate: Implicit interest rate of 4.50%
Fair Value at the transition date: $6,105,436

Refer to note 2 for the estimates and assumptions made in determining the inputs.

7. Issued Capital

	Dec-19	Jun-19
	$	$
Issued & Paid Up Capital	100	100
(Ordinary shares - fully paid)		
Ordinary shares		

8. Retained Profits/Accumulated (Loss)

	Dec-19	Dec-18
	$	$
Retained profits/Accumulated (loss) at the beginning of the financial year	(2,659,785)	(1,836,372)
Profit/(loss) after income tax expense for the half year	(930,646)	(44,698)
Retained profits/Accumulated (loss) at the end of the half year	(3,590,431)	(1,881,069)

9. Contingent liabilities

The director is not aware of any contingent liabilties.

10. Reconciliation of loss after income tax to net cash from operating activities

	2019	2018
	$	$
Loss after income tax expense for the period	(930,646)	(44,698)
Adjustments for:		
Depreciation and amortisation	313,259	71,290
Lease interest	146,483	-
Change in operating assets and liabilities:		
Increase in trade and other receivables	572,181	(236,730)
Decrease in inventories	432,053	(45,254)
Increase in prepayments	3,865	(2,201)
Increase/(decrease) in trade and other payables	(895,462)	651,307
Increase in other provisions	(26,355)	(313,422)
Net cash (used in)/from operating activities	(384,622)	80,293

11. Events arising since the end of the reporting period

In June 2020 the Company converted loans from its director and a third party to shares. The total value of debt converted to equity is $2,034,980 by issuing 8,138,980 fully paid ordinary shares.

In June 2020, the directors resolved to split the shares on the basis that 1 share held will be divided into 280,000 shares. The total shares on issue after the share split was 28,000,000.

The company executed a contract in February 2020 to supply glass products to a residential and commercial build in Box Hill, Victoria. The expected revenue from the contract is $12,250,000 Ex-GST for the period from July 2020 to December 2021.

The recent outbreak of COVID-19 pandemic and the governments response to this crisis has had an affect on overall company business and this may affect the company's future performance.

12. Changes in accounting policies

This note explains the impact of the adoption of AASB 16 *Leases* on the Company's financial statements which have been applied from 1 July 2019, where they are different to those applied in prior periods.

Until 30 June 2019, leases of property plant and equipment where a significant portion of the risks and rewards of ownership were not transferred to the Company as lessee were classified as operating leases. Payments made under operating leases were charged to profit or loss on a straight line basis over the period of the lease.

The Company has used the modified retrospective #1 method which does not result in the opening retained earnings being adjusted or any adjustments to the comparative period. The Company has elected to measure the right to use assets at an amount equal to the lease liability.

On adoption of AASB 16, the Company recognised lease liabilities in relation to leases which had previously been classified as operating leases under the principles of AASB 117 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate as of 1 July 2019. The weighted average lessee’s incremental borrowing rate applied to the lease liabilities on 1 July 2019 was 4.50-4.99%.

The change in accounting policy affected the following items in the balance sheet on 1 July 2019:
-Right of use assets – increase $6,523,635
-Lease liabilities- increase $6,523,635

For any new contracts entered into on or after 1 July 2019, the Company must consider whether a contract is, or contains a lease. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. To apply this definition, the Company must assess whether the contract meets three key evaluation which are whether:
•The contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company.
•The Company has the right to obtain substantially all of the economic benefits from the use of the identified asset through the period of use, considering its rights within the defined scope of the contract;
•The Company has the right to direct the use of the identified asset throughout the period of use. The Company assesses whether it has the right to direct “how and for what purpose’ the asset is used throughout the period of use.

Measurement and recognition of lease as a lease

At the commencement of the lease, the Company recognises a right to use asset and a lease liability on the balance sheet. The right to use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial costs incurred by the Company, an estimate of any cost to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date.

The Company depreciates the right-of-use-assets on a straight line basis from the lease commencement date to the earlier of the end of the useful like of the right-of-use-asset or the end of the lease term. The Company also assesses the right-of-use assets for impairment when such indicators exist.

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate.

On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months and for low value assets the Company has applied the optional exemptions to not recognise the right to use asset but to account for the lease expense on a straight line basis over the remaining lease term.

Lease payments included in the measurement of the lease liability are made up of the fixed payments, variable payments based on an index and amounts expected to be payable under a residual value guarantee. Payments which are subject to an option will only be included if there is strong objective evidence to suggest that option will be exercised.

12. Changes in accounting policies (continued)

Measurement and recognition of lease as a lease (continued)

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset has been reduced to zero.

The Company has elected to account for short term leases and leases of low value asset using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in the profit and loss on a straight line basis over the lease term.

On the statement of financial position, the right -of-use asset has been included in property, plant and equipment and the lease liability has been classified as lease liabilities.

Directors' declaration

31 December 2019

In the directors opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Corporations Regulation;
- the attached financial statements and notes comply with Australian Accounting Standards as issued by the Australian Accounting Standards Board as desribed in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the entity's financial position as at 31 December 2019 and of its performance for the half year ended on that date;
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

Signed in accordance with a resoluton of director.

Shengqiang (Sunny) Chi

Director

12 June 2020

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Sydney Sunny Glass Pty Ltd

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Sydney Sunny Glass Pty Ltd (the Company), which comprises the statement of financial position as at 31 December 2019, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year then ended, notes comprising a statement of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Company does not present fairly, in all material respects the financial position of the Company as at 31 December 2019, and of its financial performance and its cash flows for the period ended on that date, in accordance with AASB 134 Interim Financial Reporting.

Emphasis of matter – Material uncertainty relating to going concern

We draw attention to Note 1 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern and therefore the Company may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.

Directors' responsibility for the Half-Year Financial Report

The director of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and for such internal control as the director determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year 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 half-year financial report is not presented fairly, in all material respects, in accordance with AASB 134 Interim Financial Reporting. As the auditor of the Company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year 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.

Independence

In conducting our review, we have complied with the independence requirements of the Australian professional accounting bodies.

BDO Audit (WA) Pty Ltd

BDO

Glyn O'Brien

Glyn O'Brien

Director

Perth, 12 June 2020