

28 July 2020

National Stock Exchange of Australia Limited
1 Bligh Street
Sydney NSW 2000

Attention: Mr John Williams, Head of Admissions

By email: john.williams@nsx.com.au

Dear Mr Williams,

PRE-QUOTATION DISCLOSURE

We refer your letter dated 10 July 2020 in relation to the conditional approval for the admission of Ventus Aqua Limited (ACN 632 790 660) (**Ventus Aqua** or **Company**) to the Official List of NSX and provide the following as pre-quotation disclosure.

Terms defined in the Company's prospectus dated 16 June 2020 (**Prospectus**) have, when used in this letter, the same meaning given to them in the Prospectus, unless stated otherwise.

1. Completion of SSG Acquisition

The Company successfully completed the acquisition of Sydney Sunny Glass Pty Ltd (ACN 603 335 548) (**SSG**) on 24 July 2020. Accordingly, SSG is now a wholly-owned subsidiary of the Company.

SSG is the operating entity through which the main business and trading operations of the Ventus Aqua/SSG corporate group (**Group**) will be conducted.

2. Lease Asset Acquisition

The Company successfully completed the acquisition of the 'Lease Equipment' (as defined in the Prospectus) on 24 July 2020. Accordingly, the Company now owns the glass processing line used by SSG at its Smithfield facility, which it continues to lease to SSG.

3. Status of business activities

Since lodgement of the Prospectus, SSG has focused its activities on the delivery of the Panorama Box Hill Apartment Project (**Box Hill Project**) in Melbourne. SSG is working alongside the appointed builder and technical team of the Box Hill Project, which has recently completed its design and planning phase, and is entering its supply and installation phase. The installation of the glass products for the Box Hill Project is scheduled to commence in the coming weeks.

The Group is presently in the final stages of negotiating the establishment of a warehouse and operational facility in the south western industrial precinct of Melbourne, to service the Box Hill Project and proceed with the planned expansion into the Victorian market.

The unaudited Statement of Profit and Loss and Other Comprehensive Income of SSG for the year ended 30 June 2020 is attached to this announcement, and should be considered in conjunction with the financial statements set out in the Independent Limited Assurance Report in section 8 of the Prospectus, including the accounting policies outlined in that section.

4. Related party transactions

Other than as disclosed in sections 9 and 11 of the Prospectus, there are no related party transactions between the Group and any of the Group's related parties or their associates.

5. Impact of COVID-19

The Australian and the global economies continue to be affected by the ongoing coronavirus (COVID-19) pandemic.

The Group operates within the building and construction industry, which has been classified as an "essential business" by the Australian Government. The Group has offices in New South Wales, Western Australia and is in the process of setting up a facility in Victoria. Accordingly, the Group consistently monitors directions from the State and Federal governments in relation to non-essential closures and restrictions. The Group has paid particular attention to the Victorian government's guidance on non-essential closures due to COVID-19.

In line with government policies, it is business as usual for the Group albeit with heightened health and safety measures, including the implementation of strict hygiene and safe physical distancing protocols. Moreover, the Group has made alternative working arrangements available to staff members where possible in order to keep the business operating.

Despite there not being an overly significant impact on the Group's operations, there remain uncertainties in the economy related to the COVID-19 outbreak. These uncertainties could adversely impact the Group in the future. Given the situation, it is not possible to predict the extent to which the Group's future financial performance is affected by the pandemic.

The Group continues to closely monitor the COVID-19 situation in each state in which it operates and will implement additional strategies, if necessary, to respond to the changes in economic and government policies. Further market updates will be made in due course should the Group's operating situations move materially from its current position.

6. Status of Loans

Further to the disclosure in the Prospectus regarding the loan agreements between SSG and each of the below parties (set out in sections 9.10 and 9.11 of the Prospectus), the current status of each loan agreement is as follows:

- (a) **Loan Agreement with Mutual Street Pty Ltd:** The interest-free loan owing to Mutual Street of \$2,000,000 was fully repaid as of 30 June 2020. As foreshadowed in the Prospectus, the repayment was funded by the sale of units held by the Company in the Mustera Property Fund.
- (b) **Loan Agreement with Mr Shengqiang "Sunny" Chi:** The balance of \$102,000 owed by SSG is to be repaid within 6 months from the date of completion of the Share Purchase Agreement, being by 24 January 2021.

7. Financial reports for SSG

We attach the audited financial statements of SSG for the financial year ended 30 June 2019 and the reviewed financial statements for the half year ended 31 December 2019. The audited 30 June 2018 statements are the comparative period for the 30 June 2019 statements, and the reviewed 31 December 2018 statements are the comparative period for the 31 December 2019 statements.

8. Correction to section 9.2 (page 90) of the Prospectus

We advise that section 9.2 (page 90) of the Prospectus which sets out the terms of the Underwriting Agreement between the Company and Townshend Capital, contains a typesetting error.

The second paragraph of the section titled "Underwriting commitment" should be corrected by replacing the current statement with the following statement, or by inserting the word "not" in the current statement before the word "result".

"The Lead Manager must take all appropriate steps to ensure that the issue of the shortfall Shares to a third party does not result in any person contravening the takeover restrictions under the Corporations Act." [emphasis added]

For and on behalf of
VENTUS AQUA LIMITED

A handwritten signature in black ink, appearing to read 'Sok Kiang Teoh', is positioned above the printed name and title.

Sok Kiang Teoh
Executive Director

Statement of Profit or Loss and Other Comprehensive Income

For Year ended 30 June 2020

	Notes	Jun-20 \$	Jun-19 \$
Revenue	3	3,860,683	4,515,778
Cost of goods sold	4	(1,842,584)	(2,527,994)
Gross profit		2,018,099	1,987,785
Other income	5	350,000	359,040
Expenses	6		
Distribution expenses		(113,119)	(84,780)
Marketing expenses		(99,079)	(53,623)
Employment expenses		(1,252,357)	(1,228,898)
Repairs and maintenance expenses		(172,379)	(227,844)
Occupancy costs		(907,229)	(900,480)
Depreciation Expense		(676,658)	(156,310)
Finance costs		253,990	(94,106)
General and Administration expenses		(237,421)	(424,196)
Profit/ (Loss) before income tax expense		(836,153)	(823,413)
Income tax expense		(2,418)	0
Profit/ (Loss) after income tax expense for the year attributable to the owners of Sydney Sunny Glass Pty Ltd		(838,570)	(823,413)
Other comprehensive income for the year, net of tax		0	0
Total comprehensive income/ (Loss) for the year attributable to the owners of Sydney Sunny Glass Pty Ltd		(838,570)	(823,413)



SYDNEY SUNNY GLASS PTY LTD

ABN 85 603 335 548

2019 General Purpose Financial Report

Director's Report

30 June 2019

The Director of Sydney Sunny Glass Pty Ltd ("the Company") presents their report together with the financial statements of the Company for the year ended 30 June 2019.

Directors

The following persons were directors of the company during the whole of the financial year and up to the date of this report, unless otherwise stated:

- Mr Shengqiang Chi, Director
- Mr Liwei Chi, Director (Resigned 30-06-2019)
- Ms Xianjin Yan, Director (Resigned 30-06-2019)

Review of operations

The Company made an operating loss of \$823,413 (2018: Profit of \$12,849) after income tax for the year ended 30 June 2019.

Principal activity

The Company's principal activity during the financial year ended 30 June 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

Name:	Ms Xianjin (Rachel) Yan
Title:	Director
Qualifications:	Diploma in Accounting
Experience & expertise:	Rachel has been working in the glass industry for over 30 years in various positions including product supervisor, store controller and finance and accounting.

Name:	Mr. Liwei (Eric) Chi
Title:	Director
Qualifications:	Bachelor of Commerce
Experience & expertise:	Eric has been working in Sydney Sunny Glass since his graduation in Jan 2015. His main responsibilities include sales and marketing and customer service.

Company secretary

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

Dividends

No dividends were paid or declared during the year.

Options

No options over issued shares or interests in the Company were granted during or since the end of the financial year 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 year, 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 Chi (Apr 9, 2020)

Shengqiang (Sunny) Chi

Director

9 April 2020

INDEPENDENT AUDITOR'S REPORT

To the members of Sydney Sunny Glass Pty Ltd

Report on the Audit of the Financial Report

Qualified Opinion

We have audited the financial report of Sydney Sunny Glass Pty Ltd (the Entity), which comprises the statement of financial position as at 30 June 2019, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies, and the declaration by those charged with governance.

In our opinion, except for the effects of the matter described in the Basis for qualified opinion section of our report, the accompanying financial report presents fairly, in all material respects, the financial position of the Entity as at 30 June 2019, and its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards.

Basis for qualified opinion

Because we were appointed auditors of Sydney Sunny Glass Pty Ltd on 1 November 2019, we were not able to observe the counting of the physical inventories at the beginning of the year ended 30 June 2019 or satisfy ourselves concerning those inventory quantities by alternative means. Since opening inventories affect the determination of the results of operations, we were unable to determine whether adjustments to the results of operations and opening retained earnings might be necessary for 2019. Our audit opinion on the financial report for the period ended 30 June 2018 was modified accordingly. Our opinion on the current period's financial report is also modified because of the possible effect of this matter on the comparability of the current period's figures and the corresponding figures.

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the Financial Report section of our report. We are independent of the Entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Material uncertainty related 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 Entity's ability to continue as a going concern and therefore the entity may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

Other information

Those charged with governance are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the Director's report, but does not include the financial report and our auditor's report thereon.



Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the Financial Report

Management is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and for such internal control as management determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is 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 the Australian Auditing Standards 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 this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf

This description forms part of our auditor's report.

BDO Audit (WA) Pty Ltd

A handwritten signature in dark ink, appearing to read 'Glyn O'Brien', is written over the printed name. Above the signature, the letters 'BDO' are handwritten in a light, greyish ink.

Glyn O'Brien

Director

Perth, 09 April 2020

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30 June 2019

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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 9 April 2020. The directors have the power to amend and reissue the financial statements.

Statement of Financial Position

As at 30 June 2019

	Notes	2019 \$	2018 \$
Assets			
Current Assets			
Cash and cash equivalents	7	50,827	150,829
Trade receivables	8	1,102,294	1,318,538
Other receivables	9	329,514	194,451
Inventories	10	1,353,751	1,331,712
Total current assets		2,836,386	2,995,530
Non-current Assets			
Property, plant and equipment	11	617,625	747,109
Total non-current assets		617,625	747,109
Total assets		3,454,011	3,742,639
Liabilities			
Current Liabilities			
Trade and other payables	12	2,421,144	1,568,569
Borrowings	13	3,391,973	3,499,217
Income tax		195,137	298,943
Employee benefits		-	-
Other current liabilities		-	-
Total current liabilities		6,008,254	5,366,729
Non-current Liabilities			
Borrowings	15	105,442	212,181
Total non-current liabilities		105,442	212,181
Total liabilities		6,113,696	5,578,910
Net assets (liabilities)		(2,659,685)	(1,836,272)
Equity			
Issued capital	16	100	100
Retained profits/ (Accumulated Losses)	17	(2,659,785)	(1,836,372)
Total Equity		(2,659,685)	(1,836,272)

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 year ended 30 June 2019

	Notes	2019 \$	2018 \$
Revenue	3	4,515,778	4,488,525
Cost of goods sold	4	(2,527,994)	(1,679,702)
Gross profit		1,987,785	2,808,823
Other income	5	359,040	93,158
Expenses	6		
Distribution expenses		(84,780)	(75,953)
Marketing expenses		(53,623)	(37,704)
Employment expenses		(1,228,898)	(1,200,521)
Repairs and maintenance expenses		(227,844)	(50,224)
Occupancy costs		(900,480)	(967,805)
Depreciation Expense	11	(156,310)	(156,244)
Finance costs		(94,106)	(184,111)
General and Administration expenses		(424,196)	(216,570)
Profit /(Loss) before income tax expense		(823,413)	12,849
Income tax expense	14	0	0
Profit/(Loss) after income tax expense for the year attributable to the owners of Sydney Sunny Glass Pty Ltd		(823,413)	12,849
Other comprehensive income for the year, net of tax		0	0
Total comprehensive income/(Loss) for the year attributable to the owners of Sydney Sunny Glass Pty Ltd		(823,413)	12,849

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 year ended 30 June 2019

	Issued Capital \$	(Accumulated Losses)/ Retained Earnings \$	Total Equity \$
Balance at 1 July 2017	100	(1,849,220)	(1,849,120)
Profit/(Loss) after income tax expense for the year	0	12,849	12,849
Other comprehensive income/(loss) for the year, net of tax	0	0	0
Total comprehensive income/(loss) for the year	0	12,849	12,849
Balance at 30 June 2018	100	(1,836,372)	(1,836,272)
Balance at 1 July 2018	100	(1,836,372)	(1,836,272)
Profit/(Loss) after income tax expense for the year	0	(823,413)	(823,413)
Other comprehensive profit/(loss) for the year, net of tax	0	0	0
Total comprehensive income/(loss) for the year	0	(823,413)	(823,413)
Balance at 30 June 2019	100	(2,659,785)	(2,659,685)

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

Statement of Cash Flows

For the year ended 30 June 2019

	Notes	2019 \$	2018 \$
Cash Flow from operating activities			
Receipts from customers (inclusive of GST)		4,699,480	3,852,068
Payments to suppliers and employees (inclusive of GST)		(4,737,263)	(3,891,535)
R&D Grant Received		256,316	-
Interest received		-	-
Interest paid		(94,106)	(194,568)
Income taxes paid		-	-
Net cash from operating activities	23	124,427	(234,036)
Cash Flow from/(used in) investing activities			
Payments for property, plant and equipment		(26,826)	(352,953)
Proceeds from sale of investments		-	-
Net cash (used in) investing activities		(26,826)	(352,953)
Cash flow from financing activities			
Proceeds /(Repayment) of loan to related parties		(56,683)	462,582
Receipts from/(Loan advance by) related parties		(140,920)	215,444
Net cash provided by/(used in) financing activities		(197,603)	678,026
Net increase/(decrease) in cash and cash equivalents		(100,002)	91,037
Cash and cash equivalents at the beginning of the financial year		150,829	59,792
Cash and cash equivalents at the end of the financial year	7	50,827	150,829

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

Notes to the Financial Statements
For the year ended 30 June 2019

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

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.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

AASB 9 Financial Instruments

The company has adopted AASB 9 from 1 July 2017. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income ('OCI'). Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

Notes to the Financial Statements
For the year ended 30 June 2019

AASB 15 Revenue from Contracts with Customers

The company has adopted AASB 15 from 1 July 2017. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

Impact of adoption

AASB 9 and AASB 15 (which make amendments to AASB 101) were adopted using the modified retrospective approach and as such comparatives have not been restated. There was no impact on opening retained profits as at 1 July 2017.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

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.

Foreign currency translation

The financial statements are presented in Australian dollars, which is Sydney Sunny Glass's functional and presentation currency.

Foreign currency transactions are translated into Australian dollars using exchange rate prevailing at the dates of the transactions.

Notes to the Financial Statements
For the year ended 30 June 2019

Revenue recognition

The company recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the company: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Sale of goods

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

Rendering of services

Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price or an hourly rate.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Research and Development tax incentive benefit

Research and Development tax incentive benefit includes Research and Development ("R&D") concessions received or receivable in respect of eligible R&D as registered with Ausindustry. The R&D concession is brought to account when the eligible R&D expenditure has been identified and the resulting expected R&D incentive amount receivable has been quantified.

The R&D concession amount is recognised in other income as it relates to spending that has been expensed to the statement of profit or loss and other comprehensive income.

Notes to the Financial Statements
For the year ended 30 June 2019

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the company's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the company's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Notes to the Financial Statements
For the year ended 30 June 2019

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Contract assets

Contract assets are recognised when the company has transferred goods or services to the customer but where the company is yet to establish an unconditional right to consideration. Contract assets are treated as financial assets for impairment purposes.

Inventories

Inventory only consists of raw materials and are stated at the lower of cost and net realisable value on a 'standard costing' basis. Cost comprises of direct materials and delivery costs, direct labour for raw material handling, import duties and other taxes. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable.

Stock in transit is stated at the lower of cost and net realisable value. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

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.

Notes to the Financial Statements
For the year ended 30 June 2019

Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to the ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the fair value of the leased assets, or if lower, the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

Leased assets acquired under a finance lease are 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.

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

Contract liabilities

Contract liabilities represent the company's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the company recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the company has transferred the goods or services to the customer.

Trade and other payables

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 - 60 days of recognition.

Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

In the financial years 2018-2019, the company has entered into a sale and buy back financing arrangement with another company, Baumart Holdings Ltd (BMH). This transaction has been accounted for as a financing transaction, with the funds received recognised as a liability and the markup recognised as a finance cost. The company received full payment of inventory sold to BMH upfront and hold the said inventory in store on behalf of BMH. BMH then invoiced the company based of an agreed schedule of buy back quantities at a 7% markup on price. This transaction completed in May 2019.

Notes to the Financial Statements
For the year ended 30 June 2019

Employee benefits*Short-term employee benefits*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on 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; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Dividends

No dividends were paid or declared during the year.

Notes to the Financial Statements
For the year ended 30 June 2019

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the company for the annual reporting period ended 30 June 2019.

AASB 16 Leases

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

The company currently has an operating lease of property and is still in the process of undertaking the assessment of the financial impact.

Notes to the Financial Statements
For the year ended 30 June 2019

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 entity for the year ended 30 June 2019 was \$823,413 (30 June 2018: \$12,849 net profit after income tax). At 30 June 2019 the entity had a working capital deficiency of \$3,171,868 (30 June 2018: \$2,371,199). These deficiencies were due to director and investor's loan that was intended to be converted to equity. These loans amounted to \$3,082,492 for 2019 and \$2,491,483 for 2018 respectively. At 30 June 2019, the entity had a net liabilities position of \$2,659,685 (30 June 2018: Net liabilities of \$1,836,272).

During the year ended 30 June 2019, the Company total sales was \$4,515,778 while during the year ended 30 June 2018 it was \$4,488,525.

These conditions indicate a material uncertainty that may cast a significant doubt about the entity'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 the overall performance of the company.

Management have reasonable grounds to believe that the company will continue as a going concern. The company has signed a new design and construct contract to supply \$12,250,000 glass products to a Victorian construction project starting July 2020. It has also plan to secure further investment through an IPO exercise. A further draw down of investors' loans facilities is possible when required.

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 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 group. These assumptions include recent sales experience and historical collection rates.

Notes to the Financial Statements

For the year ended 30 June 2019

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.

3. Revenue

	2019	2018
	\$	\$
Sales	4,515,778	4,488,525
Total	4,515,778	4,488,525

4. Cost of Goods Sold

Late Fees Collected	(10,693)	0
Purchase Overseas	1,569,522	1,119,327
Purchase Local	1,164,544	(85,446)
Stock Movements	(285,474)	511,691
Equipment Rental expense	50,000	69,752
Production Planning Expense	0	1,956
Waste & Recycling Expense	38,393	52,436
Detention charge	1,701	9,984
Discounts Given	0	1
Total	2,527,994	1,679,702

5. Other income

R&D Grant Received	359,040	61,180
Other Income	0	31,978
Total	359,040	93,158

6. Expenses

Profit before income tax includes the following specific expenses:

Distribution Expenses

Motor Vehicle Registration	5,349	8,047
Motor Vehicle Insurance	16,665	23,716
Motor Vehicle Fuel/Oil	27,516	27,882
Parking/Tolls Expenses	17,938	16,224
Freight Expense	17,312	84
Total	84,780	75,953

Marketing Expenses

Advertising & Marketing	33,115	17,665
Consulting fee	2,307	0
Certification Fee	4,790	4,450
Printing & Stationery	13,411	15,589
Total	53,623	37,704

Employment Expenses

Commission Overseas	56,318	10,727
Staff Amenities	42,647	49,394
Wages & Salaries Expenses	985,386	993,825
Work Cover Premiums	8,246	5,328
Superannuation Expenses	81,341	88,239
Staff Training Expenses	1,164	496
Food	18,759	58
Payroll Tax Expense	11,810	15,954
Super Guarantee Shortfall	23,228	0
Mobile Phone Expenses	0	137
Other Payroll Expenses	0	36,364
Total	1,228,898	1,200,521

	2019 \$	2018 \$
Repairs and Maintenance Expenses		
Factory Equipment Repair & Maintenance	192,885	7,780
Factory Tools Expense	8,719	23,545
Factory Safety & Security	4,153	627
Car Repair & Maintenance	22,087	18,271
Total	227,844	50,224
Occupancy Costs		
Electricity Expenses	236,933	248,042
Gas Expenses	2,902	2,508
Council Rates	3,857	1,559
Rent	604,349	661,457
Outgoings	52,438	54,238
Total	900,480	967,805
Depreciation Expenses		
Furniture & Office Equip Depn	1,006	7,273
Motor Vehical Depn	63,152	67,198
Factory Equip Depn	92,152	81,774
Total	156,310	156,244
Finance Costs		
GIC Interest Expense	30,594	0
Interest Expense	63,511	184,111
Total	94,106	184,111
Administration Expenses		
Bank Fees	3,870	2,648
Bad Debts	29,036	8,496
Cleaning Expenses	4,800	8,671
Legal Fees	119,866	47,293
Telephone Expenses	17,666	12,820
Donations	9,500	455
Company registration fee	(803)	619
Computer Expenses	8,577	68,249
Stamp Duties	(1,103)	14,365
Water Expenses	1,783	1,129
Travel & Accom. Expenses	47,091	7,907
Business Insurance	26,705	10,456
Vehicle Insurance	92	0
Other Expense	35,319	(7,117)
Accounting/Bookeeping Fees	61,438	24,603
Penalty Expenses	60,361	15,600
Marine Cargo Insurance	0	375
Total	424,196	216,570

7. Current Assets - Cash and Cash Equivalent

	2019	2018
	\$	\$
Cash at Banks	49,252	150,083
Petty Cash	1,575	746
Total	50,827	150,829

8. Current Assets - Trade Receivables

	2019	2018
	\$	\$
Trade Debtors	1,137,132	1,318,538
Allowance for expected credit loss	(34,838)	0
Total	1,102,294	1,318,538

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

9. Current Assets - Other receivables

	2019	2018
	\$	\$
Other Receivables	361,067	332,659
Deposits to Suppliers	865	450
GST Collected	(177,295)	(243,688)
GST Paid	144,877	105,030
Total	329,514	194,451

10. Inventories

Inventory Raw Materials	1,353,751	1,331,712
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Note: Inventory is recorded at the lower of cost and Net Realisable Value. There has been nil write down of inventory to Net Realisable Value during the year ended 30 June 2019. (2018: nil)

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

	2019	2018
	\$	\$
Plant & Equipment	715,533	702,343
Less: Accumulated Depreciation	(378,113)	(285,961)
	<u>337,420</u>	<u>416,382</u>
Office Furniture & Equipment	26,631	26,631
Less: Accumulated Depreciation	(21,029)	(20,023)
	<u>5,602</u>	<u>6,608</u>
Motor Vehicles	488,668	475,031
Less: Accumulated Depreciation	(214,065)	(150,913)
	<u>274,603</u>	<u>324,119</u>
Total Plant and Equipment	<u>617,625</u>	<u>747,109</u>
Total Property, Plant and Equipment	<u><u>617,625</u></u>	<u><u>747,109</u></u>

Reconciliations

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

	Plant & Equipment	Office Furniture & Equipment	Motor Vehicles	Total
Balance at 1 July 2017	278,797	7,881	263,722	550,400
Additions	219,359	6,000	127,595	352,953
Disposals	0	0	0	0
Depreciation expense	81,774	7,273	67,198	156,244
Balance at 30 June 2018	416,382	6,608	324,119	747,109
Additions	13,190	0	13,636	26,826
Disposals	0	0	0	0
Depreciation expense	92,152	1,006	63,152	156,310
Balance at 30 June 2019	337,420	5,602	274,603	617,625

12. Trade and other payables

	2019	2018
	\$	\$
BAS Liability	152,291	199,476
PAYG Withholding Payable	11,835	16,271
Superannuation Payable	30,426	49,562
Other Payroll Liabilities	0	15,954
Trade Creditors	2,028,449	973,561
A/P Accruals	197,820	313,593
Lisec and Bauma Settle	323	152
Total	<u><u>2,421,144</u></u>	<u><u>1,568,569</u></u>

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

13. Borrowings	2019	2018
	\$	\$
Customer Deposits	7,704	24,085
Business Loan (MB GL350)	56,352	80,295
Business Loan - MB E250	23,954	42,878
Business Loan HINO300 (CE78YO)	0	901
Business Loan Forklift(4t)	12,572	23,315
Loan from director (Note 1)	1,861,306	1,991,483
Loan From Investor - Mutual St (Note 2)	1,221,186	500,000
Loan From BMH	0	523,403
Business Loan (Holden) 01SSG	11,044	20,657
Business loan (Crane Truck)	52,360	68,999
Business loan Forklift (8t)	58,033	71,937
Business Loan - ANZ (Note 3)	62,581	130,247
Loan from Overseas Union Finance (Note 4)	130,323	233,200
Less: Non-current portion of lease liabilities	(105,442)	(212,181)
Total	3,391,973	3,499,217

Notes to Borrowings:

Note 1: Loan from Director is interest free and has no fixed term. The loan is intended to be converted to equity.

Note 2: Loan from Investor was advance from the investor which is interest free and has no fixed term. The funding is intended to be converted to equity 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.

14. Income Tax

	2019	2018
	\$	\$
<i>Income tax expense</i>		
- Current income expense	-	-
- Deferred income expense	-	-
	-	-
Reconciliation of income tax expense to prima facie tax:		
Accounting profit/(loss) before income tax	(823,413)	12,849
At the statutory income tax rate of 27.5% (30 June 2018: 27.5%)	(226,439)	3,533
- Income not assessable for income tax purposes	(98,736)	(16,825)
- Expenditure not allowable for income tax purposes	247,867	214,592
- Temporary differences not recognised as deferred tax asset	77,307	70,178
- R&D Tax offset utilised	-	(271,478)
Income tax reported in statement of comprehensive income	-	-
Deferred income tax		
Deferred income tax at 30 June relates to the following:		
<i>Net deferred income tax assets</i>		
- Tax losses	151,354	-
- Accrued expenditure	8,367	82,380
- Accrued income	-	
- Other	102	136
Net deferred tax assets not recognised	159,823	82,516
<i>Net deferred tax asset/(liability)</i>	-	-

15. Non-current liabilities: borrowings

Non-current portions of lease liabilities	105,442	212,181
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16. Issued Capital

	2019 \$	2018 \$
Issued & Paid Up Capital (Ordinary shares - fully paid)	<u>100</u>	<u>100</u>

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

17. Retained Profits/(Loss)

	2019 \$	2018 \$
Retained profits/(loss) at the beginning of the financial year	(1,836,372)	(1,849,220)
Profit/(loss) after income tax expense for the year	(823,413)	12,849
Retained profits/(loss) at the end of the financial year	<u>(2,659,785)</u>	<u>(1,836,372)</u>

18. Financial instruments***Market risk****Foreign currency risk*

The consolidated entity undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company. The company has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The company obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The company does not hold any collateral.

The company has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the company based on recent sales experience, historical collection rates and forward-looking information that is available.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

Liquidity risk

Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The company manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

19. Contingent liabilities

During the year, a former employee of Sydney Sunny Glass has made an application to the court in NSW to claim unpaid compensations related to a contract he had with a company, Origin Oz Holding Pty Ltd, which he claimed to be forming part of his contract with Sydney Sunny Glass when Sydney Sunny Glass took over the lease of the factory and equipment from his former employer. The circuit court of NSW has handed down a judgement against the company for a compensation amount of approximately \$340,000 plus costs. The company filed an appeal with the Federal Court of Appeal and compensation judgement handed down by the Federal Court of Appeal has been revised to \$92,103 with an outstanding balance of \$60,361 after deducting the payment made of \$31,741.

20. Commitments

	2019	2018
	\$	\$
<i>Lease commitments - finance</i>		
Committed at the reporting date and recognised as liabilities, payable:		
Within one year	108,877	96,800
One to five years	105,438	212,181
	<u>214,315</u>	<u>308,981</u>
Total commitment	214,315	308,981
Less: Future finance charges		
	<u>214,315</u>	<u>308,981</u>
Net commitment recognised as liabilities	<u>214,315</u>	<u>308,981</u>
Representing:		
Lease liability - current	108,877	96,800
Lease liability - non-current (note 15)	105,438	212,181
	<u>214,315</u>	<u>308,981</u>

The company has a commitments of further rental payment for the use of Lisec equipment installed in the facility of 7.5% of gross profit, to be payable in arrears, after end of each quarter, if any.

21. Key management personnel/related party disclosures*Compensation*

The aggregate compensation made to directors and other members of key management personnel of the company is set out below:

	2019	2018
	\$	\$
Salary and Wages	187,435	162,279
	<u>187,435</u>	<u>162,279</u>

Loans

The loans provided by the director to the company is set out below, this loan is interest free and can be converted to equity when required and is repayable on demand.

Loan from director	<u>1,861,306</u>	<u>1,991,483</u>
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22. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by BDO, the auditor of the company, it's network firms and unrelated firms:

	2019	2018
	\$	\$
<i>BDO (WA) Pty Ltd</i>		
Audit or review of the financial statements	12,500	12,500
<i>BDO Tax (WA) Pty Ltd</i>		
Preparation of the tax return	5,500	5,500
	<u>18,000</u>	<u>18,000</u>

23. Reconciliation of profit after income tax to net cash from operating activities

	2019	2018
	\$	\$
Profit (Loss) after income tax expense for the year	(823,413)	12,849
Adjustments for:		
Depreciation and amortisation	156,310	156,244
Change in operating assets and liabilities:		
Increase in trade and other receivables	105,063	(697,636)
Decrease in inventories	(22,039)	(11,712)
Decrease in accrued revenue	-	-
Increase in prepayments	(415)	54,275
Increase/(decrease) in trade and other payables	824,524	(61,801)
Increase in other provisions	(115,602)	313,745
Net cash from operating activities	124,427	(234,036)

24. 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 may have some significant effects on the overall company business and this may affect the company's future performance.

Directors' declaration

30 June 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 described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2019 and of its performance for the financial 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 resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors



Shengqiang Chi (Apr 9, 2020)

Shengqiang (Sunny) Chi

Director

9 April 2020

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

As lead auditor of Sydney Sunny Glass Pty Ltd for the year ended 30 June 2019, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.



Glyn O'Brien

Director

BDO Audit (WA) Pty Ltd

Perth, 9 April 2020



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

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.

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

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.

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

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)
	<u>446,134</u>	<u>337,420</u>
Office Furniture & Equipment	26,631	26,631
Less: Accumulated Depreciation	(21,439)	(21,029)
	<u>5,192</u>	<u>5,602</u>
Motor Vehicles	545,031	488,668
Less: Accumulated Depreciation	(243,003)	(214,065)
	<u>302,028</u>	<u>274,603</u>
Right of use asset	6,523,635	-
Less: Accumulated Depreciation	(239,980)	-
	<u>6,283,655</u>	<u>-</u>
Total Plant and Equipment	<u>7,037,009</u>	<u>617,625</u>
Total Property, Plant and Equipment	<u>7,037,009</u>	<u>617,625</u>

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	<u>-</u>	<u>337,420</u>	<u>5,602</u>	<u>274,603</u>	<u>617,625</u>
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	<u>6,283,655</u>	<u>446,134</u>	<u>5,191</u>	<u>302,028</u>	<u>7,037,009</u>

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	<u>1,671,976</u>	<u>2,428,848</u>

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 Forklift(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)		
<i>Ordinary shares</i>		

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 liabilities.

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 life 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 described 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 resolution of director.



Shengqiang (Sunny) Chi

Director

12 June 2020

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

A handwritten signature in black ink, appearing to read 'Glyn O'Brien', written over a faint, light blue BDO logo.

Glyn O'Brien

Director

Perth, 12 June 2020