Australia Sunny Glass Group Limited

(NSX: AG1)

Formerly Ventus Aqua Limited (NSX: VAQ)

ACN 632 790 660

Interim Financial Report 31 December 2020

Contents

Australia Sunny Glass Group Limited
31 December 2020

General information

The financial statements cover Australia Sunny Glass Group Ltd as a consolidated entity consisting of Australia Sunny Glass Group Ltd and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is Australia Sunny Glass Group Ltd's functional and presentation currency.

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

Registered office

15 McCabe Street
North Fremantle, WA 6159

Principal place of business:

82 Belmont Avenue, Rivervale
Rivervale, WA 6103

A description of the nature of the consolidated entity's operations and its principal activities are included in the director's report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of director, on 15 March 2021. The directors have the power to amend and reissue the financial statements.

Directors

Shengqiang "Sunny" Chi -Managing Director
Sok Kiang Teoh - Executive Director
Seok San ('Susan') Tan - Executive Director
Michael Liew - Non-Executive Director

Company Secretary

Natalie Teo

Registered Office

15 McCabe Street
North Fremantle, Western Australia 6159

Principal Place of Business

82 Belmont Avenue
Rivervale, Western Australia 6103

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Share Registry*

Advanced Share Registry Ltd
110 Stirling Highway
Nedlands, Western Australia 6009

Telephone: +61 8 9389 8033
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Auditor

BDO Audit (WA) Pty Ltd
38 Station Street
Subiaco, Western Australia 6008

Nominated Adviser*

Blackwall Legal LLP
Level 26, 140 St Georges Terrace
Perth, Western Australia 6000

NSX Code

AG1

*These entities are included for information purposes only. They have not been involved in preparation of this report.

Director's Report

Australia Sunny Glass Group Limited

31 December 2020

The Directors of Australia Sunny Glass Group Ltd (formerly Ventus Aqua Limited) present their report together with the financial statements, on the consolidated entity (referred to here after as the 'consolidated entity' consisting of Australia Sunny Glass Group Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2020.

Directors

The following persons were directors of the Australia Sunny Glass Group Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Mr Sok Kiang Teoh, Executive Director
Ms Seok San Tan, Executive Director
Mr Michael Anthony Liew, Non-Executive Director
Mr Shengqiang (Sunny) Chi, Executive Director (Appointed 07-08-2020)

Company secretary

Ms Natalie Teo (appointed 8th April 2019)

Principal activities

During the financial half-year the principal continuing activities of the consolidated entity consisted of:

- Glass supply including manufacturing and supplying of custom-made and architectural glass products
- Providing developers and construction companies with integrated glass supply solution on project basis

Review of operations

The loss for the consolidating entity after providing for income tax amounted to $2,076,938 (31 December 2019 profit of $50,557)

The company has set up a new wholly owned subsidiary, Melbourne Sunny Glass Façade Pty Ltd in August 2020 to manage the Panorama Boxhill project and to further expand it's business in the state of Victoria. It rented a warehouse/office of with a land size of 9,300 sqm and building area of 4,214 sqm. The project revenue from the Panorama Boxhill project was $1.49 million for the half year ended 31 Dec 2020. At the time of this report the project progress is at 20% of completion. Due to the Covid 19 pandemic, the project was initiall delayed by a month. It is now back to normal operating hours since the restrictions in Victoria have been lifted.

The Sydney Sunny Glass's business has been adversely affected by the Covid-19 pandemic and it's revenue for the half year has been impacted with approximately 30% reduction.

Signifcant changes in the state of affairs

The company acquired 100% shares in Sydney Sunny Glass Pty Ltd (the Acquiree) by issuing 36,139,920 ordinary shares of the Company to the Acquiree's shareholders, script for script on 24 July 2020. The Company also acquired glass processing equipments from Baumart Holdings Ltd (ASX: BMH) by issuing 11,666,667 ordinary shares with a fair value of $3,859,091. The company was then listed on the National Stock Exchange (NSX) on 28 July 2020 through an Initial Public Offering (IPO) and raised a total amount of $2,071,477 with the IPO. The company subsequently appointed Mr. Sunny Chi as the Managing Director of the group and changed its name to Australia Sunny Glass Group Limited. The company also changed its NSX code from VAQ to AG1 following the name change. The Company also subsequently set up a new subsidiary in Victoria, Melbourne Sunny Glass Pty Ltd to manage its facade business.

Auditor's independence declaration

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

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors

Sok Kiang Teoh
Director

15 March 2021
Perth

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Subiaco, WA 6008
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DECLARATION OF INDEPENDENCE BY GLYN O'BRIEN TO THE DIRECTORS OF AUSTRALIA SUNNY GLASS GROUP LIMITED

As lead auditor for the review of Australia Sunny Glass Group Limited for the half-year ended 31 December 2020, 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 review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Australia Sunny Glass Group Limited and the entities it controlled during the period.

Glyn O'Brien

Director

BDO Audit (WA) Pty Ltd

Perth, 15 March 2021

Consolidated Statement of Financial Position

As at 31 December 2020

	Notes	Consolidated 31 Dec 2020 $	Consolidated 30 Jun 2020 $
Assets			
Current Assets			
Cash and cash equivalents	5	864,656	296,486
Trade receivables	6	1,159,457	46,402
Other receivables	7	667,691	2,608,206
Inventories	8	883,255	-
Total current assets		**3,575,059**	**2,951,094**
Non-current Assets			
Property, plant and equipment	9	4,511,856	5,383
Right-of-use assets	10	6,381,831	3,689
Total non-current assets		**10,893,687**	**9,072**
Total assets		**14,468,746**	**2,960,166**
Liabilities			
Current Liabilities			
Trade and other payables	11	1,997,733	84,097
Borrowings	12	73,484	-
Lease liabilities	13	627,822	3,710
Current Income tax Liability		15,310	15,310
Total current liabilities		**2,714,349**	**103,117**
Non-current Liabilities			
Borrowings	12	273,185	-
Lease liabilities	13	6,007,499	-
Total non-current liabilities		**6,280,684**	**-**
Total liabilities		**8,995,033**	**103,117**
Net assets (liabilities)		**5,473,713**	**2,857,049**
Equity			
Issued capital	14	10,695,844	2,910,196
Reserves	16	(3,092,046)	-
Retained profits/ (Accumulated Losses)	17	(2,130,085)	(53,147)
Total Equity		**5,473,713**	**2,857,049**

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

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half-year ended 31 December 2020

	Notes	Consolidated 31 Dec 2020 $	31 Dec 2019 $
Revenue from continuing operations	3	2,853,040	-
Cost of goods sold		(2,512,845)	-
Gross profit		340,195	-
Other Income		4,085	50,924
Expenses			
Distribution expenses		(61,325)	-
Marketing expenses		(45,112)	-
Employment expenses		(479,586)	-
Repairs and maintenance expenses		(127,362)	-
Occupancy costs		(180,625)	(367)
Depreciation Expense	4	(679,633)	-
Finance costs		(144,159)	-
General and Administration expenses		(703,417)	-
Profit/ (Loss) before income tax expense from continuing operations		(2,076,938)	50,557
Income tax expense		-	-
Profit/ (Loss) after income tax expense from continuing operations		(2,076,938)	50,557
Other comprehensive income for the period, net of tax		-	-
Total comprehensive income/ (Loss) for the period attributable to the owners of Australia Sunny Glass Group Ltd		**(2,076,938)**	**50,557**
Basic Profit/(Loss) per share	18	**(2.41)**	**0.16**

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

Consolidated Statement of Changes in Equity

For the half-year ended 31 December 2020

Consolidated	Issued Capital $	Retained Profits/ (Accumulated Losses)	Reserves $	Total Equity $
Balance at 1 July 2019	2,910,196	(11,487)	-	2,898,709
Allocate out total comprehensive income and transactions with shareholders in their capacity as shareholders	-	(41,660)	-	(41,660)
Balance at 30 June 2019	**2,910,196**	**(53,147)**	-	**2,857,049**
Balance at 1 July 2020	**2,910,196**	**(53,147)**	-	**2,857,049**
Profit/ (Loss) after income tax expense for the half-year	-	(2,076,938)	-	(2,076,938)
Issue of shares (acquisition of SSG)	2,035,080			2,035,080
Issue of shares (acquisition of Lisec equipment)	3,859,091	-	-	3,859,091
Issue of shares as part of IPO	2,071,477	-	-	2,071,477
Cost of share issue	(180,000)	-	-	(180,000)
Share-based payments	-	-	382,100	382,100
Assets acquisition reserves	-	-	(3,474,146)	(3,474,146)
Balance as at 31 December 2020	**10,695,844**	**(2,130,085)**	**(3,092,046)**	**5,473,713**

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

Consolidated Statement of Cash Flows

For the half-year ended 31 December 2020

	Notes	Consolidated 31 Dec 2020 $	31 Dec 2019 $
Cash Flow from operating activities			
Receipts from customers (incl GST)		1,524,294	-
Payments to suppliers and employees (inclusive of GST)		(3,666,503)	(634)
Interest received		1,035	-
Government grants received		396,800	-
Net cash from operating activities		**(1,744,374)**	**(634)**
Cash Flow from investing activities			
Payments for property, plant and equipment		(983,684)	-
Proceeds from investments		960,934	(100,000)
Investment Income		3,443	92,586
Net cash (used in) investing activities		**(19,307)**	**(7,414)**
Cash flow from financing activities			
Proceeds from the issue of shares		2,071,477	-
Lease repayments		(86,298)	-
Proceeds from borrowings		346,669	-
Net cash provided by/(used in) financing activities		**2,331,848**	**-**
Net increase/(decrease) in cash and cash equivalents		568,167	(8,048)
Cash and cash equivalents at the beginning of the financial period		296,486	715,505
Cash and cash equivalents at the end of the financial period	5	**864,653**	**707,457**

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

Note 1. Significant accounting policies

Statement of compliance

These general purpose financial statements for the interim half-year reporting period ended 31 December 2020 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, As appropriate for for-profit oriented entities.

Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2020 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial period and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The consolidated entity 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

Comparatives

The comparative financial information reflects that of Australia Sunny Glass Group Limited (formerly Ventus Aqua Ltd).

Inventories

Inventory only consists of raw materials and are stated at the lower of cost and net realisable value on a 'weighted average' 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 double accelerated declining 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.

Revenue recognition

Construction Revenue

The Group derives revenue from construction of buildings projects. The construction of each project is generally taken as one performance obligation. Where contracts are entered with several performance obligations, the total transaction price is allocated to each performance obligation based on stand-alone selling prices. As per normal practice, the transaction price of a project is fixed at the start containing bonus and penalty elements based on performance construction criteria known as variable consideration. The performance obligation is fulfilled over time and as such revenue is recognised over time. As work is performed on the assets being constructed, they are controlled by the customer and have no alternative use for the Group. Revenue earned is recognised on the measured input of each process based on resources consumed per appraisals that are agreed with the customer on a regular basis.

Variable Consideration

Contracts may include performance bonuses or penalties assessed against the timeliness or cost effectiveness of work completed or other performance related KPIs. Revenue recognition of variable consideration is only satisfied when there are no uncertainties to its entitlement, this is known as the “constraint” requirements. The Group assess the constraint requirements on a periodic basis when estimating the variable consideration to be included in the transaction price. The estimate is based on all available information including historic performance. Where modifications to contracts are made, the transaction price is updated to reflect these. Where the modification price is not confirmed, an estimate is made of the amount of revenue to recognise whilst also considering the constraint requirement.

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.

Acquisition of subsidiaries

The acquisition of subsidiaries is accounted for using the acquisition method of accounting.

Share-based payment transactions

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity. Share based payments to other parties are valued based on the value of services provided or goods acquired if reliably measured.

Going Concern

The financial report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The Group has incurred a net loss for the half-year ended 31 December 2020 of $2,076,938 (2019: profit of $50,557) and had net cash inflows from operating, investing and financing activities of $157,199 (2019: inflow $707,457). As at 31 December 2020 the Group had a working capital of $860,710 (2019: $2,847,977) and cash and cash equivalents of $864,656 (2019: $296,486). Given the cash inflows of the group have included capital raisings totaling $2,071,477 and proceeds from borrowings of $346,669. When excluded these one off items from current period cash flows there was a net outflow from operations totaling $1,744,374. Given the closing working capital position of $860,710 and forecast expenditure, this created a significant uncertainty in relation to the ability of the group to remain a going concern.

Management note the following mitigation factors:

- The ongoing Box Hill project is expected to generate substantial positive cash flows for the group;
- The entity is listed on the NSX and the Group is also working towards capital raising initiatives and the Directors are confident that it will receive sufficient additional funding from major shareholders or other parties if required; and
- Expenditure can be reduced where necessary.

Accordingly, the Directors believe that the Group will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report. Should the Company not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements or raise additional capital through equity or debts raisings and that the financial reports does not include any adjustments relating to the recoverability and classification or recorded asset amounts or liabilities that might be necessary should the Company not continue as a going concern and meet its debts as and when they become due and payable.

Estimates and judgements

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, historical collection rates, the impact of the Coronavirus (COVID-19) pandemic is calculated based on the information available at the time of preparation. The actual credit losses in future years may be higher or lower.

Impairment

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating unit based on expected future cash flows and uses an interest rate to discount them. The company reviews intangible assets for impairment once a year or more frequently if events or changes in circumstance s indicate that there is impairment.

Share based payments

Share-based payments are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The fair value of options is determined using the Black-Scholes pricing model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest.

Note 2. Operating segments

Identification of reportable operating segments

The entity’s management operates the business as a whole without any special responsibilities for any separately identifiable segments of the business.

3. Revenue

	Consolidated	
	31 Dec 2020	31 Dec 2019
	$	$
Revenue from construction contracts and sale of goods	2,853,040	-
Total	**2,853,040**	**-**

All revenue is earned in Australia.

4. Depreciation Expense

	Consolidated	
	31 Dec 2020	31 Dec 2019
	$	$
Furniture & Office Equipment	1,334	-
Motor Vehicles	33,363	-
ROU Asset	339,788	-
Factory Equipment	305,149	-
Total	**679,633**	**-**

5. Current Assets - Cash and Cash Equivalent

	Consolidated	
	31 Dec 2020	30 Jun 2020
	$	$
Cash at bank	775,281	296,486
Term deposits	89,375	-
Total	**864,656**	**296,486**

6. Current Assets - Trade Receivables

	Consolidated	
	31 Dec 2020	30 Jun 2020
	$	$
Trade receivables	1,444,358	46,402
Provision for expected credit loss	(284,901)	-
Total	**1,159,457**	**46,402**

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

7. Current Assets - Other Receivables

	Consolidated	
	31 Dec 2020	30 Jun 2020
	$	$
Withholding Tax Credit	146	146
Prepayments[1]	12,842	196,868
GST Paid/Received	(28,446)	-
Deposits to suppliers	251,005	-
Other receivables	432,144	11,191
Loan to Sydney Sunny Glass	-	2,400,000
Total	**667,691**	**2,608,206**

1. Prepayment made to IPO lead manager for IPO relatd expenses

8. Inventories

	Consolidated	
	31 Dec 2020	30 Jun 2020
	$	$
Inventory Raw Materials	883,255	-

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 half-year ended 31 December 2020. (2019: nil)

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

	Consolidated	
	31 Dec 2020	30 Jun 2020
	$	$
Plant & Equipment	4,835,868	-
Less: Accumulated Depreciation	(819,246)	-
	4,016,622	-
Office Furniture & Equipment	34,497	6,223
Less: Accum Dep Furniture & Equipment	(24,024)	(840)
	10,473	5,383
Motor Vehicles	792,081	-
Less: Accumulated Depreciation	(307,320)	-
	484,761	-
Total Plant and Equipment	4,511,856	5,383
Total Property, Plant and Equipment	**4,511,856**	**5,383**

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 2020	-	5,383	-	5,383
Additions	4,835,868	28,274	792,081	5,656,223
Disposals	-	-	(307,320)	(307,320)
Depreciation expense	(819,246)	(23,184)	-	(842,430)
Balance at 31 December 2020	4,016,622	10,473	484,761	4,511,856

10. Right of use assets	Consolidated	
	31 Dec 2020	30 Jun 2020
	$	$
Smithfield NSW rented premise	6,271,425	-
Less: Accumulated Depreciation	(680,034)	-
	5,591,391	-
Belmont WA rented office	4,919	4,919
Less: Accumulated Depreciation	(3,689)	(1,230)
	1,230	3,689
Clayton South Victoria rented premise	887,862	-
Less: Accumulated Depreciation	(98,651)	-
	789,211	-
Total	**6,381,831**	**3,689**

11. Trade and other payables	Consolidated	
	31 Dec 2020	30 Jun 2020
	$	$
PAYG Withholding Payable	(89,152)	(9,603)
Superannuation Payable	(31,381)	(3,753)
Trade creditors	(1,567,464)	(70,742)
Other Payroll Liabilities	(67,080)	-
Accounts Payable and Accruals	(242,656)	-
Total	**(1,997,733)**	**(84,097)**

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

12. Borrowings	Consolidated	
	31 Dec 2020	30 Jun 2020
	$	$
Current	-	-
Motor vehicles	73,484	-
Non Current	-	-
Motor vehicles	273,185	-

13. Leases

AASB 16 Leases

The company has adopted AASB 16 from 1 July 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (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 improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

When applying AASB 16 from 1 July 2019, the company has applied the following practical expedients:
- applying a single discount rate to the portfolio of leases with reasonably similar characteristics;
- accounting for leases with a remaining lease term of 12 months as at 1 July 2020 as short-term leases;
- excluding any initial direct costs from the measurement of right-of-use assets;
- using hindsight in determining the lease term when the contract contains options to extend or terminate the lease; and
- not apply AASB 16 to contracts that were not previously identified as containing a lease.

	Consolidated	
	31 Dec 2020	**30 Jun 2020**
	$	**$**
Current Lease Liabilities		
Right of use - building	627,822	3,710
	627,822	3,710
Non-current leases		
Right of use - building	6,007,499	-
	6,007,499	-
Total Leases		
Right of use - building	6,635,321	3,710
	6,635,321	3,710

14. Issued Capital

	Number	$
Balance at 1 July 2020	31,583,333	2,910,196
Issue of shares	54,711,502	7,606,557
Share Issue Costs	-	(180,000)
Total	**86,294,835**	**10,336,753**

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. There was no movement of ordinary shares for the year.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

15. Acquisition of Sydney Sunny Glass Pty Ltd

The acquisition has been accounted for under AASB 2 Share Based Payments given the acquisition did not meet the definition of a business combination under AASB 3 Business Combinations.

On acquisition, Australia Sunny Glass recognised asset acquisition reserve totalling $3,747,146 reflecting the pre-acquisition accumulated losses of SSG acquired.

As a result of services provided by the existing shareholders of SSG, a share based payment of $382,100 was recognised on acquisition. This has been recorded under AASB 2 based on the value of the services provided.

Sydney Sunny Glass Pty Ltd is an operating business importing glass from China and manufacturing glass to the specific requirements of customers. The glass manufacturing equipment is high capacity and high capability, German engineered system which was leased from BMH (ASX listed entity).

The company acquired 100% shares in Sydney Sunny Glass Pty Ltd (the Acquiree) by issuing 36,139,920 ordinary shares of the Company to the Acquiree's shareholders, script for script on 24 July 2020.

Purchase consideratrion:	
36,139,920 ordinary shares	$2,035,080

In a separate transaction, ASGG issued shares to BMH to acquire the glass manufacturing equipment which SSG currently leases and have in their premises in Sydney.

Asset Acquisition:	
11,666,667 ordinary shares	$3,859,091

With Australia Sunny Glass Group holding 100% of the share capital of Sydney Sunny Glass and the related glass manufacturing equipment. The company completed the IPO on the NSX and raise $2,071,477 in capital by issuing 6,904,915 ordinary shares.

16. Reserves

	Consolidated	
	31 Dec 2020	**30 Jun 2020**
	$	**$**
Assets acquisition reserve	3,474,146	-
This is the pre-acquisition accumulated losses of the acquired subsidiary, Sydney Sunny Glass Pty Ltd		
Share based payment reserve		
Investment appraisal	150,000	-
Fund raising	180,000	-
Professional services	52,100	-
	382,100	-

17. Retained Profits/(Accumulated Losses)

	Consolidated	
	31 Dec 2020	**30 Jun 2020**
	$	**$**
Accumulated losses at the beginning of the financial period	(53,147)	(11,487)
Profit/(Loss) after income tax expense for the period	(2,076,938)	(41,660)
Accumulated losses at the end of the financial period	(2,130,085)	(53,147)

18. Earnings per share

	Consolidated	
	31 Dec 2020	**31 Dec 2019**
Net profit / (loss) for the period	(2,076,938)	50,557
Number of shares issued	86,294,835	31,583,333
EPS (cents per share)	**(2.41)**	**0.16**

19. Risks Management

General

As at the reporting date, the Company is in its early stages of development and does not have formal risk management policies. The board of the Company is responsible for managing the risk associated with its investment decisions and takes into account the credit risk and return on the funds invested.

Capital management

The capital of the Company consists of issued capital (shares). The directors aim to maintain a capital structure that ensures the lowest cost of capital available to the entity at the time when funds are obtained. The directors will assess the options available to the company to issue more shares while taking into account the effect on current shareholder ownership percentages (dilution) or alternatively other forms of funding.

The Company has the following financial instruments:

	Consolidated	
	31 Dec 2020	**30 Jun 2020**
Cash at bank and in hand	864,656	296,486
Trade and other receivables	1,159,457	46,402
Loan to Sydney Sunny Glass	-	2,400,000
	2,024,113	2,742,888
Trade and other payables	(1,997,733)	(84,097)

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.

There is a credit risk relating to the cash and cash equivalents that the Company holds in deposits and loan receivable. The Company does not presently have customers and consequently does not have credit exposure to trade receivables

Exposure to credit risk

The Company's maximum exposure to credit risk at the reporting date was:

	Consolidated	
	31 Dec 2020	**30 Jun 2020**
	$	**$**
Cash at bank	864,656	296,486
Other receivables from once-off transactions with third parties	432,144	2,654,608
Total	**1,296,800**	**2,951,094**

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

	Counterparties with external credit rating(1) AA- (S&P)	Other third parties without external credit rating No Default	Total
Credit quality of financial assets			
At 31 December 2020			
Cash at bank	864,656	-	864,656
Other receivables from once-off transactions with third parties(2)	-	432,144	432,144
	864,656	**432,144**	**1,296,800**
At 30 June 2020			
Cash at bank	296,486	-	296,486
Other receivables from once-off transactions with thrid parties(2)	-	2,654,608	2,654,608
	296,486	**2,654,608**	**2,951,094**

(1) The equivalent S&P rating of the financial assets represents that rating of the counterparty with whom the financial asset is held rather than the rating of the financial asset itself.

(2) Other receivables represent sundry debtors and loan to other entities.

Allowance for expected credit loss

The Company assesses on a forward looking basis the expected credit losses (ECL) associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The Company's individual assessment of an ECL is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

For trade receivables, the Company applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Company.

For loans and other receivables, the Company assesses the contractual requirements of the loan and assesses the counter party's performance under the instrument terms. Where there is significant variation between the contractual cash flows and actual cash flows, the Company will assess the counterparties ability to repay the debts by requesting financial information and performing an assessment of the credit worthiness of the Counterparty. Where objective evidence shows that the counterparty may be unable to repay part or all of the debt, the Company will record an expected credit loss up to the level of the expected loss taking into account the Company's ability to recover its debts through the operation of guarantees and or security.

No expected credit loss was recognised by the Company for the financial period (2020: $Nil).

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.

20. Events arising since the end of the reporting period

None

21. Contingent liabilities

The was no contigent liabilities as at end of the financial period.

22. Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

Given the nature of the entity, its size and current operations, management does not treat any part of the entity as a separate operating segment. Internal financial information used by the Company's decision makers is presented on a “whole of entity” manner without dissemination to any separately identifiable segments.

The entity’s management operates the business as a whole without any special responsibilities for any separately identifiable segments of the business.

23. Commitments

The Company has a contract with its supplier to purchase façade materials worth a total of RMB 23,500,000 (approximately $4,800,000) for its Box Hill Project in Victoria.

24. Related Party Transactions

Key management personnel compensation

The following were key management personnel of the Company at any time during the period and unless otherwise indicated were key management personnel for the period:

Mr Sok Kiang Teoh (Executive Director)
Ms Seok San Tan (Executive Director)
Mr Michael Liew (Non-executive Director)
Mr Shengqiang (Sunny) Chi (Managing Director - appointed 7 August 2020)

As part of Sydney Sunny Glass Pty Ltd acquisition, the Group has issued 15,201,532 ordinary shares ($856,016) to Mr Shengqiang (Sunny) Chi which was appointed as the Group's Managing Director on 7 August 2020. In relation to Mr Chi's role as the Managing Director of the Group, Mr Chi will be paid $150,000 per annum (exclusive of statutory superannuation) on the basis of an approximate 38 hour work week

In addition, as per share purchase agreement, Sydney Sunny Glass Pty Ltd must repay the residual amount (estimated to be $102,000) owed to Mr Sunny Chi under a loan he provided to Sydney Sunny Glass Pty Ltd within 6 months.

The aggregate compensation made to Directors and other members of Key Management Personnel of the Company during the period is set out below:

	Consolidated	
	31 Dec 2020	**30 Jun 2020**
	$	**$**
Short-term employee benefits	190,000	45,000
Total	**190,000**	**45,000**

Directors' declaration

31 December 2020

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with Australian Accounting Standards as issued by the Australian Accounting Standards Board as desribed in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the financial period ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resoluton of directors made pursuant to section 305(5)(a) of the Corporations Act 2001.

On behalf of the directors

Sok Kiang Teoh

Director

15 March 2021

Perth

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Australia Sunny Glass Group Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Australia Sunny Glass Group Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a summary 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 accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

(i) Giving a true and fair view of the Group's financial position as at 31 December 2020 and of its financial performance for the half-year ended on that date; and

(ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be the same terms if given to the directors as at the time of this auditor's review report.

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 Group's ability to continue as a going concern and therefore the Group 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.

Responsibility of the directors for the financial report

The directors 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 the *Corporations Act 2001* and for such internal control as the directors 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 for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the Company's financial position as at 31 December 2020 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

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.

BDO Audit (WA) Pty Ltd

BDO

Glyn O'Brien

Glyn O'Brien

Director

Perth, 15 March 2021