*ARBN: 621 001 296*

# CIRCLE INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Cayman Islands)

**FY 2022 Audited Financial Statements**
**31 December 2022**

*ARBN: 621 001 296*

# CIRCLE INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Cayman Islands)

**FY 2022 Audited Financial Statements**
**31 December 2022**

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# CIRCLE INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Cayman Islands)

## CORPORATE INFORMATION

1. **Registered Office**
   Suite 14/3 Gladstone Parade, Lindfield,
   NSW 2070 Australia.

2. **Malaysia Mailing Address**
   Lot 6-002, Endah Parade,
   No. 1, Jalan 1/149E, Sri Petaling,
   57000 Kuala Lumpur,
   Wilayah Persekutuan Kuala Lumpur,
   Malaysia.

3. **Company Secretary and Nomad in Australia**
   Karma Lawyers
   Suite 14/3 Gladstone Parade, Lindfield,
   NSW 2070 Australia.

4. **Share Registry**
   Computershare Investor Services Pty. Ltd.
   Level 11, 172 St Georges Terrace Perth,
   WA 6000 Australia.

5. **Auditors**
   Tong & Associates
   *Chartered Accountants [AF 002034]*
   E-03-01, Pacific Place Commercial Centre,
   Jalan PJU 1A/4, Ara Damansara,
   47301 Petaling Jaya,
   Selangor Darul Ehsan, Malaysia.

# CIRCLE INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Cayman Islands)

## Directors' Report

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2022.

### General information

### Directors

The directors in office during the financial year and during the period from the end of the financial year to the date of this report are:

Chong Kur Sen
Hee Chee Keong
Jerome Augustus Bateman

### Principal activity and significant changes in nature of the activity

Circle International Holdings Limited has been operational in information and communications technology ("ICT") distribution and services since its main operating subsidiaries, MPS Telecommunication Sdn. Bhd. ("MPS") and One Mobile Care Sdn. Bhd. ("OMC") were acquired into the Group in January 2022. The Group is principally engaged in repairing and servicing of ICT products and distribution and supply of ICT products.

### Review of Operations

The Group overall generated revenue of AUD57.1 million during the financial year ended 31 December 2022 as compared to the previous financial year ended 31 December 2021 with a total revenue of AUD8.7 million. The Group has recorded a net profit after taxation of AUD1,136,867 (31 December 2021: profit after taxation of AUD326,135); the net profit after taxation was mainly contributed by inclusion of two subsidiaries under the Group during the financial year.

### ICT distribution income

The Group generated AUD45.2 million revenue for the financial year ended 31 December 2022 from the sales of consumer products. It has recorded a gross profit of AUD2,248,463 and profit before taxation of AUD1,180,227 during the financial year ended 2022.

### ICT services income

The Group generated AUD12.4 million revenue for the financial year ended 31 December 2022 from the repairing and servicing of ICT products. It has recorded a gross profit of AUD2,513,263 and profit before taxation of AUD636,146 during the financial year ended 2022.

**Significant Changes in the State of Affairs**

The Group has performed well during the financial year to date, with COVID-19 having a minimal impact to the Group's core business.

The significant change during the year is the acquisition of two new subsidiaries which mainly contribute to the great financial performance of the Group.

Besides, the Group has formed a new subsidiary named Neo Connect Australia Pty. Ltd. with fully paid-up 1,000 ordinary shares allotted at AUD0.10 per share.

**Likely Developments and Expected Results of Strategies and Business Operations**

The Group expects to continue its outstanding performance during the financial year 2023. Other than existing business portfolio, the Group is actively looking to expand its business by increasing the outlets via its in-house brand Neo Connect throughout the whole Malaysia. This would greatly improve the financial performance of the Group during the financial year 2023.

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# CIRCLE INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Cayman Islands)

## STATEMENT BY DIRECTORS

The directors of CIRCLE INTERNATIONAL HOLDINGS LIMITED stated that, in their opinion, the accompanying financial statements are drawn up in accordance with International Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors

**HEE CHEE KEONG**

**JEROME AUGUSTUS BATEMAN**

Malaysia
Date: 3 0 MAR 2023

**ETH**

**Tong & Associates**
*Chartered Accountants [AF 002034]*

E-03-01, Pacific Place Commercial Centre,
Jalan PJU 1A/4, Ara Damansara,
47301 Petaling Jaya,
Selangor Darul Ehsan, Malaysia.
Tel. no. +603 7493 4097
www.ethconsulting.com.my
audit@ethconsulting.com.my

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CIRCLE INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Cayman Islands)
*ARBN: 621 001 296*

## Report on the Audit of the Financial Statements

## Qualified Opinion

We have audited the financial statements of Circle International Holdings Limited, which comprise the statements of financial position as at 31 December 2022 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 11 to 77.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022, and of their financial performance and their cash flows for the financial year then ended in accordance with International Financial Reporting Standards.

## Basis for Qualified Opinion

*(i) Opening balances*

Our independent auditors' report dated 07 April 2022 contains a Disclaimer of Opinion on the financial statements for the financial year ended 31 December 2021.

In view of the matters described in the Basis for Disclaimer of Opinion section on the financial statements for the financial year ended 31 December 2021, we have not been able to obtain sufficient appropriate audit evidence to determine whether the opening balances as at 01 January 2022 are fairly stated.

The above opening balances as disclosed in the *Note 34* to the financial statements have been deconsolidated from the financial position of the Group and of the Company as at 31 December 2022 pursuant to the deconsolidation of the subsidiaries, Circle Corporation International Limited, Circle Corp Mediatech Sdn. Bhd. and Inno Mind Works Sdn. Bhd.

Therefore, our opinion on the current year financial statements of the Group and of the Company is not modified.

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

*Independence and Other Ethical Responsibilities*

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

**Information Other than the Financial Statements and Auditors' Report Thereon**

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

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

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

If, based on the work we have performed, 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.

**Key Audit Matters**

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

In addition to the matters described in the *Basis for Qualified Opinion* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

| **Inventories**<br>Refer to *Note 9* to the financial statements | |
|---|---|
| **Key Audit Matter** | **How our audit addressed the Key Audit Matter** |
| The Group's inventories are measured at the lower of cost or net realisable value. Judgement is required in estimating their net realisable values and identifying slow-moving inventories. | Our audit procedures included, amongst others:<br>- Reviewing the adequacy of write down/off of slow-moving inventories;<br>- Attending year end physical inventory count on selected locations to observe physical existence and condition of the finished goods and reviewing the design and assessing the implementation of controls during the count;<br>- Reviewing subsequent sales and evaluating the Group's assessment on estimated net realisable values on selected samples of inventory items; and<br>- Evaluating whether the inventories have been written down to their net realisable values for inventory items with net realisable values lower than their costs. |

| **Recoverability of trade receivables**<br>Refer to *Note 10* to the financial statements | |
|---|---|
| **Key Audit Matter** | **How our audit addressed the Key Audit Matter** |
| The balance of trade receivables amounted to approximately AUD3.19 million of which approximately AUD1.65 million exceeded their credit terms.<br><br>Management recognised the allowance of impairment losses on trade receivables based on specific known facts or customers' ability to pay.<br><br>We focused on this area as determination of whether trade receivables are recoverable involves significant management judgement. | Our audit procedures included, amongst others:<br>- Reviewed and understand the management's assessment of recoverability of major trade receivables and overdue amounts;<br>- Reviewed subsequent cash collections for major trade receivables and overdue amounts;<br>- Made inquiries of management regarding the action plans to recover overdue amounts; and<br>- Examined other evidence including customers' correspondences, proposed or existing settlement plans and repayment schedules. |

**Responsibilities of the Directors for the Financial Statements**

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with International Financial Reporting Standards. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company'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 the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

**Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Other Matters**

This report is made solely to the members of the Company, as a body and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Tong & Associates
**TONG & ASSOCIATES**
[AF 002034]
Chartered Accountants

**WONG KEONG LEE**
03328 / 09 / 2023 J
Chartered Accountant

Petaling Jaya,
Date: 30 March 2023

# CIRCLE INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Cayman Islands)

## STATEMENTS OF FINANCIAL POSITION
## as at 31 December 2022

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | 2022 | 2021 | 2022 | 2021 |
| | *Note* | AUD | AUD | AUD | AUD |
| **ASSETS** | | | | | |
| **NON-CURRENT ASSETS** | | | | | |
| Investment in subsidiaries | *4* | - | - | 3,567,538 | 3 |
| Property, plant and equipment | *6* | 597,500 | 52,788 | - | - |
| Investment properties | *7* | 7,525,420 | 300,155 | - | - |
| Right-of-use assets | *8* | 1,010,693 | 225,997 | - | - |
| **TOTAL NON-CURRENT ASSETS** | | 9,133,613 | 578,940 | 3,567,538 | 3 |
| **CURRENT ASSETS** | | | | | |
| Inventories | *9* | 4,071,174 | 937,505 | - | - |
| Trade and other receivables | *10* | 5,056,365 | 2,771,634 | 19,211 | 20,749 |
| Fixed deposits with a licensed bank | *11* | 405,102 | - | - | - |
| Cash and bank balances | | 834,784 | 172,720 | - | - |
| **TOTAL CURRENT ASSETS** | | 10,367,425 | 3,881,859 | 19,211 | 20,749 |
| **TOTAL ASSETS** | | 19,501,038 | 4,460,799 | 3,586,749 | 20,752 |

The accompanying notes form an integral part of the financial statements.

# CIRCLE INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Cayman Islands)

## STATEMENTS OF FINANCIAL POSITION
## as at 31 December 2022

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | 2022 | 2021 | 2022 | 2021 |
| | *Note* | AUD | AUD | AUD | AUD |
| **EQUITY AND LIABILITIES** | | | | | |
| **EQUITY** | | | | | |
| Share capital | *12* | 2,607,213 | 383,155 | 61,223,667 | 57,656,229 |
| Reserves | *13* | 2,489,241 | 1,310,288 | (58,404,302) | (58,357,365) |
| **TOTAL EQUITY** | | 5,096,454 | 1,693,443 | 2,819,365 | (701,136) |
| **LIABILITIES** | | | | | |
| **NON-CURRENT LIABILITIES** | | | | | |
| Deferred tax liabilities | *14* | 132,664 | - | - | - |
| Lease liabilities | *15* | 553,059 | 38,843 | - | - |
| Term loans | *16* | 6,466,068 | 852,820 | - | - |
| **TOTAL NON-CURRENT LIABILITIES** | | 7,151,791 | 891,663 | - | - |
| **CURRENT LIABILITIES** | | | | | |
| Trade and other payables | *17* | 1,963,782 | 404,351 | 767,384 | 721,888 |
| Borrowings | *18* | 3,329,756 | 1,088,413 | - | - |
| Lease liabilities | *15* | 528,751 | 214,796 | - | - |
| Term loans | *16* | 582,040 | 128,860 | - | - |
| Bank overdraft | *19* | 788,798 | - | - | - |
| Current tax liabilities | | 59,666 | 39,273 | - | - |
| **TOTAL CURRENT LIABILITIES** | | 7,252,793 | 1,875,693 | 767,384 | 721,888 |
| **TOTAL LIABILITIES** | | 14,404,584 | 2,767,356 | 767,384 | 721,888 |
| **TOTAL EQUITY AND LIABILITIES** | | 19,501,038 | 4,460,799 | 3,586,749 | 20,752 |

The accompanying notes form an integral part of the financial statements.

# CIRCLE INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Cayman Islands)

## STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

## for the financial year ended 31 December 2022

| | | *Group* | | *Company* | |
|---|---|---|---|---|---|
| | *Note* | 2022 AUD | 2021 AUD | 2022 AUD | 2021 AUD |
| REVENUE | *20* | 57,106,112 | 8,696,632 | - | - |
| COST OF SALES | | (52,344,386) | (7,010,187) | - | - |
| GROSS PROFIT | | 4,761,726 | 1,686,445 | - | - |
| OTHER INCOME | *21* | 5,320,431 | 529,045 | 305,236 | - |
| ADMINISTRATIVE EXPENSES | | (3,004,751) | (1,292,446) | (302,025) | (190,281) |
| OTHER EXPENSES | *22* | (4,600,388) | (352,060) | (439) | (68) |
| FINANCE COSTS | *23* | (791,592) | (150,726) | - | - |
| PROFIT/(LOSS) BEFORE TAXATION | *24* | 1,685,426 | 420,258 | 2,772 | (190,349) |
| INCOME TAX EXPENSE | *25* | (548,559) | (94,123) | - | - |
| PROFIT/(LOSS) AFTER TAXATION | | 1,136,867 | 326,135 | 2,772 | (190,349) |
| OTHER COMPREHENSIVE INCOME/(EXPENSES) | | | | | |
| Items that will be reclassified subsequently to profit or loss | | | | | |
| FOREIGN CURRENCY TRANSLATION DIFFERENCES | | 42,086 | 33,565 | (49,709) | (35,532) |
| TOTAL COMPREHENSIVE INCOME/(EXPENSES) FOR THE FINANCIAL YEAR | | 1,178,953 | 359,700 | (46,937) | (225,881) |
| PROFIT/(LOSS) AFTER TAXATION | | | | | |
| Attributable to: | | | | | |
| Owners of the Company | | 1,136,867 | 326,135 | 2,772 | (190,349) |
| TOTAL COMPREHENSIVE INCOME/(EXPENSES) FOR THE FINANCIAL YEAR | | | | | |
| Attributable to: | | | | | |
| Owners of the Company | | 1,178,953 | 359,700 | (46,937) | (225,881) |
| EARNINGS PER SHARE (CENTS) | | | | | |
| Basic and diluted | *27* | 0.13 | 0.07 | | |

The accompanying notes form an integral part of the financial statements.

# CIRCLE INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Cayman Islands)

## STATEMENTS OF CHANGES IN EQUITY
## for the financial year ended 31 December 2022

| | Note | <-------- Attributable to owners of the Company | | | --------> |
|---|---|---|---|---|---|
| | | | <Non-distributable> | <Distributable> | |
| | Note | Share capital | Foreign exchange translation reserve | Retained profits | Total |
| *Group* | | AUD | AUD | AUD | AUD |
| At 01 January 2021 | | 383,155 | (129,765) | 1,395,731 | 1,649,121 |
| Profit after taxation | | - | - | 326,135 | 326,135 |
| Other comprehensive income for the financial year | | | | | |
| - foreign currency translation differences | | - | 33,565 | - | 33,565 |
| Total comprehensive income for the financial year | | - | 33,565 | 326,135 | 359,700 |
| Contributions by and distributions to owners of the Company: | | | | | |
| - dividend | *28* | - | - | (315,378) | (315,378) |
| At 31 December 2021 | | 383,155 | (96,200) | 1,406,488 | 1,693,443 |

The accompanying notes form an integral part of the financial statements.

# CIRCLE INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Cayman Islands)

## STATEMENTS OF CHANGES IN EQUITY
## for the financial year ended 31 December 2022

| | | <------------------ Attributable to owners of the Company ------------------> | | | |
|---|---|---|---|---|---|
| | | | <Non-distributable> | <Distributable> | |
| | Note | Share capital | Foreign exchange translation reserve | Retained profits | Total |
| *Group* | | AUD | AUD | AUD | AUD |
| At 01 January 2022 | | 383,155 | (96,200) | 1,406,488 | 1,693,443 |
| Profit after taxation | | - | - | 1,136,867 | 1,136,867 |
| Other comprehensive income for the financial year | | | | | |
| - foreign currency translation differences | | - | 42,086 | - | 42,086 |
| Total comprehensive income for the financial year | | - | 42,086 | 1,136,867 | 1,178,953 |
| Contributions by and distributions to owners of the Company: | | | | | |
| - reverse acquisition | *12* | 894,668 | - | - | 894,668 |
| - direct acquisition of a subsidiary | *12* | 1,329,390 | - | - | 1,329,390 |
| Total transactions with owners of the Company | | 2,224,058 | - | - | 2,224,058 |
| At 31 December 2022 | | 2,607,213 | (54,114) | 2,543,355 | 5,096,454 |

The accompanying notes form an integral part of the financial statements.

# CIRCLE INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Cayman Islands)

## STATEMENTS OF CHANGES IN EQUITY
## for the financial year ended 31 December 2022

| | <---- Attributable to owners of the Company ----> | | | |
|---|---|---|---|---|
| | | <Non-distributable> | <Distributable> | |
| | Share capital | Foreign exchange translation reserve | Accumulated losses | Total |
| *Company* | AUD | AUD | AUD | AUD |
| At 01 January 2021 | 57,656,229 | 33,060 | (58,164,544) | (475,255) |
| Loss after taxation | - | - | (190,349) | (190,349) |
| Other comprehensive expenses for the financial year | | | | |
| - foreign currency translation differences | - | (35,532) | - | (35,532) |
| Total comprehensive expenses for the financial year | - | (35,532) | (190,349) | (225,881) |
| At 31 December 2021 | 57,656,229 | (2,472) | (58,354,893) | (701,136) |

The accompanying notes form an integral part of the financial statements.

# CIRCLE INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Cayman Islands)

## STATEMENTS OF CHANGES IN EQUITY
## for the financial year ended 31 December 2022

| | | <------------------ Attributable to owners of the Company | | ------------------> |
|---|---|---|---|---|
| | | <Non-distributable> | <Distributable> | |
| | Share capital | Foreign exchange translation reserve | Accumulated losses | Total |
| *Company* | AUD | AUD | AUD | AUD |
| At 01 January 2022 | 57,656,229 | (2,472) | (58,354,893) | (701,136) |
| Profit after taxation | - | - | 2,772 | 2,772 |
| Other comprehensive expenses for the financial year | | | | |
| - foreign currency translation differences | - | (49,709) | - | (49,709) |
| Total comprehensive expenses for the financial year | - | (49,709) | 2,772 | (46,937) |
| Contributions by and distribution to owners of the Company: | | | | |
| - reverse acquisition *12* | 2,238,048 | - | - | 2,238,048 |
| - direct acquisition of a subsidiary *12* | 1,329,390 | - | - | 1,329,390 |
| Total transactions with owners of the Company | 3,567,438 | - | - | 3,567,438 |
| At 31 December 2022 | 61,223,667 | (52,181) | (58,352,121) | 2,819,365 |

The accompanying notes form an integral part of the financial statements.

# CIRCLE INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Cayman Islands)

## STATEMENTS OF CASH FLOWS
## for the financial year ended 31 December 2022

| | *Group* | | *Company* | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | AUD | AUD | AUD | AUD |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Profit/(Loss) before taxation | 1,685,426 | 420,258 | 2,772 | (190,349) |
| *Adjustments for:* | | | | |
| Bad debts written off | 31,651 | - | - | - |
| Depreciation of right-of-use assets | 683,560 | 332,819 | - | - |
| Depreciation of property, plant and equipment | 82,796 | 19,241 | - | - |
| Impairment losses on goodwill | 3,796,733 | - | - | - |
| Imputed interest on trade and other receivables | 77,309 | - | - | - |
| Interest expenses on lease liabilities | 63,442 | 28,143 | - | - |
| Interest expenses | 650,841 | 122,583 | - | - |
| Unrealised loss on foreign exchange | 5,648 | - | 439 | 68 |
| Fair value gain on investment properties | (466,085) | - | - | - |
| Gain on disposal of subsidiaries | (2,200,926) | - | - | - |
| Gain on modification of leases | (3,717) | - | - | - |
| Interest income | (7,316) | (151) | - | - |
| Bargain purchase gain on acquisition of a subsidiary | (1,476,107) | - | - | - |
| Waiver of debts from other payables | (305,236) | - | (305,236) | - |
| Operating profit/(loss) before working capital changes | 2,618,019 | 922,893 | (302,025) | (190,281) |
| Increase in inventories | (741,464) | (35,260) | - | - |
| Decrease/(Increase) in trade and other receivables | 1,201,627 | (53,447) | 2,942 | (20,749) |
| (Decrease)/Increase in trade and other payables | (1,900,690) | (31,230) | 299,180 | 211,030 |
| Cash generated from operations | 1,177,492 | 802,956 | 97 | - |
| Income tax paid | (391,118) | (79,082) | - | - |
| Income tax refunded | 9,072 | - | - | - |
| Interest received | 7,316 | 151 | - | - |
| Interest paid | (714,283) | (150,726) | - | - |
| *Net cash generated from operating activities* | 88,479 | 573,299 | 97 | - |

The accompanying notes form an integral part of the financial statements.

# CIRCLE INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Cayman Islands)

## STATEMENTS OF CASH FLOWS
## for the financial year ended 31 December 2022

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | 2022 | 2021 | 2022 | 2021 |
| | Note | AUD | AUD | AUD | AUD |
| CASH FLOWS FOR INVESTING ACTIVITIES | | | | | |
| Acquisition of a subsidiary, net of cash and cash equivalents | 4(b) | 163,975 | - | - | - |
| Acquisition through reverse acquisition, net of cash and cash equivalents | 4(a) | 1,716 | - | - | - |
| Investment in a subsidiary | 4(d) | - | - | (100) | - |
| Purchase of property, plant and equipment | | (206,376) | (8,410) | - | - |
| Purchase of investment properties | | (592,936) | (288,126) | - | - |
| Purchase of right-of-use assets | 29(a) | (24,618) | - | - | - |
| Disposal of subsidiaries, net of cash and cash equivalents | 4(c) | (1,649) | - | 3 | - |
| Placement of fixed deposits with a licensed bank | | (7,206) | - | - | - |
| *Net cash used in investing activities* | | (667,094) | (296,536) | (97) | - |
| CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES | | | | | |
| Dividend paid | 28 | - | (315,378) | - | - |
| Drawdown of term loans | 29(d) | - | 241,162 | - | - |
| Repayment of term loans | 29(d) | (516,654) | (89,391) | - | - |
| Drawdown of borrowings | 29(d) | 15,439,185 | 5,901,181 | - | - |
| Repayment of borrowings | 29(d) | (13,815,943) | (5,658,957) | - | - |
| Repayment of lease liabilities | 29(d) | (653,131) | (352,353) | - | - |
| *Net cash generated from/(used in) financing activities* | | 453,457 | (273,736) | - | - |

The accompanying notes form an integral part of the financial statements.

# CIRCLE INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Cayman Islands)

## STATEMENTS OF CASH FLOWS
## for the financial year ended 31 December 2022

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | 2022 | 2021 | 2022 | 2021 |
| | Note | AUD | AUD | AUD | AUD |
| Net (decrease)/increase in cash and cash equivalents | | (125,158) | 3,027 | - | - |
| Effects of foreign exchange translation reserve | | (1,576) | 4,026 | - | - |
| Cash and cash equivalents at beginning of the financial year | | 172,720 | 165,667 | - | - |
| Cash and cash equivalents at end of the financial year | 29(c) | 45,986 | 172,720 | - | - |

The accompanying notes form an integral part of the financial statements.

# CIRCLE INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Cayman Islands)

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2022

### 1. PRINCIPAL ACTIVITIES AND GENERAL INFORMATION

The Company is incorporated in the Cayman Islands under the Companies Law.

The Company is principally engaged in investment holding. The principal activities of the subsidiaries are as set out in *Note 4* to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

The address of the registered office of the Company is Suite 14/3 Gladstone Parade, Lindfield, NSW 2070 Australia.

The address of the principal place of business of the Company is Lot 6-002, Endah Parade, No. 1 Jalan 1/149E, Sri Petaling, 57000 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur, Malaysia.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 30 March 2023.

### 2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

(a) Basis of Accounting

The financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with International Financial Reporting Standards ("IFRS").

(i) During the current financial year, the Group had adopted all the following new accounting standards and/or interpretations (including the consequential amendments, if any):

**IFRSs and/or Interpretations (Including The Consequential Amendments)**

Amendments to IAS 16: Property, Plant and Equipment – Proceeds before Intended Use

Amendments to IAS 37: Onerous Contracts – Costs of Fulfilling a Contract

Amendments to IFRS 3: Reference to the Conceptual Framework

Annual Improvements to IFRS Standards 2018 – 2020 Cycle

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) did not have any material impact on the Group's financial statements.

(ii) The Group has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the International Accounting Standards Board (IASB) but are not yet effective for the current financial year:

| IFRSs and/or Interpretations (Including The Consequential Amendments) | Effective Date |
|---|---|
| IFRS 17: Insurance Contracts | 1 January 2023 |
| Amendments to IAS 1: Disclosure of Accounting Policies | 1 January 2023 |
| Amendments to IAS 1: Classification of Liabilities as Current or Non-current | 1 January 2024 |
| Amendments to IAS 1: Non-current Liabilities with Covenants | 1 January 2024 |
| Amendments to IAS 8: Definition of Accounting Estimates | 1 January 2023 |
| Amendments to IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction | 1 January 2023 |
| Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | Deferred until further notice |
| Amendments to IFRS 16: Lease Liability in a Sale and Leaseback | 1 January 2024 |
| Amendments to IFRS 17: Insurance Contracts | 1 January 2023 |
| Amendment to IFRS 17: Initial Application of IFRS 17 and IFRS 9 - Comparative Information | 1 January 2023 |

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application.

## 3. SIGNIFICANT ACCOUNTING POLICIES

(a) Critical Accounting Estimates and Judgement

*Key Sources of Estimation Uncertainty*

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year other than as disclosed below:

(i) Depreciation of Property, Plant and Equipment

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(ii) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax expense and deferred tax balances in the period in which such determination is made.

(iii) Impairment of Trade Receivables

The Group uses the simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables. The Group develops the expected loss rates based on the payment profiles of past sales and the corresponding historical credit losses, and adjusts for qualitative and quantitative reasonable and supportable forward-looking information. If the expectation is different from the estimation, such difference will impact the carrying value of trade receivables.

(iv) Impairment of Non-Trade Receivables

The loss allowances for non-trade financial assets are based on assumptions about risk of default and expected loss rates. It also requires the Group to assess whether there is a significant increase in credit risk of the non-trade financial asset at the reporting date. The Group uses judgement in making these assumptions and selecting appropriate inputs to the impairment calculation, based on the past payment trends, existing market conditions and forward-looking information.

(v) Valuation of Investment Properties

Investment properties of the Group are reported at fair value which is based on valuations performed by independent professional valuers except for investment properties under construction in which their fair values are not reliably determinable. Investment properties under construction are measured at cost until either the fair value becomes reliably determinable or when construction is completed, whichever is earlier.

The independent professional valuers have exercised judgement in determining discount rates, estimates of future cash flows, capitalisation rate, terminal value, market rental, and other factors used in the valuation process. Also, judgement has been applied in estimating prices for less readily observable external parameters. Other factors such as model assumptions, market dislocations and unexpected correlations can also materially affect these estimates and the resulting fair value.

(vi) Impairment of Goodwill

The assessment of whether goodwill is impaired requires an estimation of the value in use of the cash-generating unit to which the goodwill is allocated. Estimating a value in use amount requires management to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

(vii) Purchase Price Allocation

Purchase prices related to business combinations are allocated to the underlying acquired assets and liabilities based on their estimated fair value at the time of acquisition. The determination of fair value required the Group to make assumptions, estimates and judgements regarding future events. The allocation process is inherently subjective and impacts the amount assigned to individually identifiable assets and liabilities. As a result, the purchase price allocation impacts the Group's reported assets (including goodwill) and liabilities, future net earnings due to the impact on future depreciation and amortisation expense and impairment tests. The fair values of the assets acquired and liabilities assumed under the business combinations made during the current financial year are disclosed in *Note 4* to the financial statements.

*Critical Judgements Made in Applying Accounting Policies*

Management believes that there are no instances of application of critical judgement in applying the Group's accounting policies which will have a significant effect on the amounts recognised in the financial statements other than as disclosed below:

(i) Lease Terms

Some leases contain extension options exercisable by the Group before the end of the non-cancellable contract period. In determining the lease term, management considers all facts and circumstances including the past practice and any cost that will be incurred to change the asset if an option to extend is not taken. An extension option is only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

(ii) Contingent Liabilities

The recognition and measurement for contingent liabilities are based on management's view of the expected outcome on contingencies after consulting legal counsel for litigation cases and experts, for matters in the ordinary course of business.

(b) Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the reporting period.

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

(i) Merger Accounting for Common Control Business Combinations

A business combination involving entities under common control is a business combination in which all the combining entities or subsidiaries are ultimately controlled by the same party and parties both before and after the business combination, and that control is not transitory.

Subsidiaries acquired which have met the criteria for pooling of interest are accounted for using merger accounting principles. Under the merger method of accounting, the results of the subsidiaries are presented as if the merger had been effected throughout the current financial year.

The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholder at the date of transfer. No amount is recognised in respect of goodwill and excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets and liabilities and contingent liabilities over cost at the time of the common control business combination to the extent of the continuation of the controlling party and parties' interests.

When the merger method is used, the cost of investment in the Company's books is recorded at the nominal value of shares issued. The difference between the carrying value of the investment and the nominal value of the shares of the subsidiaries is treated as a merger deficit or merger reserve as applicable. The results of the subsidiaries being merged are included for full financial year.

(ii) Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

(iii) Non-controlling Interests

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(iv) Changes in Ownership Interests in Subsidiaries Without Change of Control

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in the equity of the Group.

(v) Loss of Control

Upon the loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which is calculated as the difference between:

(i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and

(ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value of the initial recognition for subsequent accounting under IFRS 9 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

(vi) Reverse Acquisition Accounting

The Company completed the acquisition of the entire equity interest in One Mobile Care Sdn. Bhd. ("OMC") for a total consideration of AUD2,238,048, satisfied through the issuance of 450,288,135 new ordinary shares in the Company at an issue price of AUD0.005 per share. The transaction is treated as a reverse acquisition for accounting purposes as the shareholders of OMC became the controlling shareholders of the Company on completion of the transaction. Accordingly, OMC (being the legal subsidiary in the transaction) is regarded as the accounting acquirer, and the Company (being the legal parent in the transaction) is regarded as the accounting acquiree.

The consolidated financial statements represent a continuation of the financial position, performance and cash flows of OMC. Accordingly, the consolidated financial statements are prepared on the following basis:

(a) The assets and liabilities of OMC are recognised and measured in the consolidated statement of financial position of the Group at their pre-acquisition carrying amounts;

(b) The assets and liabilities of the Company are recognised and measured in the consolidated statement of financial position of the Group at their acquisition-date fair values;

(c) The retained profits and other equity balances recognised in the consolidated financial statements are the retained profits and other equity balances of OMC immediately before the reverse acquisition;

(d) The amount recognised as issued equity interests in the consolidated financial statements is determined by adding to the issued equity of OMC immediately before the reverse acquisition the fair value of the consideration effectively transferred based on the issue price of the Company's share. However, the equity structure appearing in the consolidated financial statements (i.e. the number and type of equity instruments issued) reflects the equity structure of the legal parent (i.e. the Company), including the equity instruments issued by the Company to effect the reverse acquisition;

(e) The consolidated statement of profit and loss and other comprehensive income for the financial year ended 31 December 2022 reflects the 12 months results of OMC together with the post-acquisition results of the Company; and

(f) The comparative figures presented in these consolidated financial statements are those of OMC, except for its capital structure which is retroactively adjusted to reflect the legal capital of the accounting acquiree.

The consolidated statement of profit or loss and other comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity of the Group for the financial year ended 31 December 2022 refers to the Group which includes the results of OMC from 1 January 2022 to 31 December 2022 and the post-acquisition results of the Company from the date of completion of the reverse acquisition to 31 December 2022. The consolidated statement of profit or loss and other comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity of the Group for the financial year ended 31 December 2021 refer to the results of OMC from 1 January 2021 to 31 December 2021.

(c) Goodwill

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. The impairment value of goodwill is recognised immediately in profit or loss. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Under the acquisition method, any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interests recognised and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities at the date of acquisition is recorded as goodwill.

Where the latter amount exceeds the former, after reassessment, the excess represents a bargain purchase gain and is recognised in profit or loss immediately.

In respect of equity-accounted associates and joint ventures, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted associates and joint ventures.

(d) Functional and Foreign Currencies

(i) Functional and Presentation Currency

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

The functional currency of the Company is United States Dollars ("USD"), while the presentation currency of the Group and of the Company are Australian Dollars ("AUD").

(ii) Foreign Currency Transactions and Balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the exchange rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss except for differences arising from the translation of available-for-sale equity instruments which are recognised in other comprehensive income.

(iii) Foreign Operations

Assets and liabilities of foreign operations (including any goodwill and fair value adjustments arising on acquisition) are translated to the Group's presentation currency at the exchange rates at the end of the reporting period. Income, expenses and other comprehensive income of foreign operations are translated at exchange rates at the dates of the transactions. All exchange differences arising from translation are taken directly to other comprehensive income and accumulated in equity; attributed to the owners of the Company and non-controlling interests, as appropriate.

Goodwill and fair value adjustments arising from the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the end of the reporting period.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign subsidiary, or partial disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that foreign operation attributable to the owners of the Company are reclassified to profit or loss as part of the gain or loss on disposal. The portion related to non-controlling interests is derecognised but is not reclassified to profit or loss.

In addition, in relation to partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are reattributed to non-controlling interests and are not recognised in profit or loss. When the Group disposes of only part of its investment in an associate, the proportionate share of the accumulative exchange differences is reclassified to profit or loss.

In the consolidated financial statements, when the settlement of an intragroup loan is neither planned nor likely to occur in the foreseeable future, the exchange differences arising from translating such monetary item are considered to form part of a net investment in the foreign operation and are recognised in other comprehensive income.

(e) Financial Instruments

Financial assets and financial liabilities are recognised in the statements of financial position when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual arrangement and their definitions in IAS 32. Interest, dividends, gains and losses relating to a financial instrument classified as a liability are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially at its fair value. Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

(i) Financial Assets

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value (through profit or loss, or other comprehensive income), depending on the classification of the financial assets.

*Debt Instruments*

(i) Amortised Cost

The financial asset is held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset. When the asset has subsequently become credit-impaired, the interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), excluding expected credit losses, through the expected life of the financial asset or a shorter period (where appropriate).

(ii) Fair Value through Other Comprehensive Income

The financial asset is held for both collecting contractual cash flows and selling the financial asset, where the asset's cash flows represent solely payments of principal and interest. Movements in the carrying amount are taken through other comprehensive income and accumulated in the fair value reserve, except for the recognition of impairment, interest income and foreign exchange difference which are recognised directly in profit or loss. Interest income is calculated using the effective interest rate method.

(iii) Fair Value through Profit or Loss

All other financial assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss.

The Group reclassifies debt instruments when and only when its business model for managing those assets change.

*Equity Instruments*

All equity investments are subsequently measured at fair value with gains and losses recognised in profit or loss except where the Group has elected to present the subsequent changes in fair value in other comprehensive income and accumulated in the fair value reserve at initial recognition.

The designation at fair value through other comprehensive income is not permitted if the equity investment is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise.

Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established unless the dividends clearly represent a recovery a part of the cost of the equity investments.

(ii) Financial Liabilities

(i) Financial Liabilities at Fair Value through Profit or Loss

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. The changes in fair value of these financial liabilities are recognised in profit or loss.

(ii) Other Financial Liabilities

Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), through the expected life of the financial liability or a shorter period (where appropriate).

(iii) Equity Instruments

Equity instruments classified as equity are measured at cost and are not remeasured subsequently.

Ordinary shares are classified as equity and recorded at the proceeds received, net of directly attributable transaction costs.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

(iv) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the carrying amount of the asset and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity to profit or loss. In contrast, there is no subsequent reclassification of the fair value reserve to profit or loss following the derecognition of an equity investment.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(f) <u>Investment in Subsidiaries</u>

Investments in subsidiaries are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investments includes transaction costs.

On the disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

(g) Impairment

(i) Impairment of Financial Assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at fair value through other comprehensive income and trade receivables.

The expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Group always recognises lifetime expected credit losses for trade receivables and contract assets using the simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience and are adjusted for forward-looking information (including time value of money where appropriate).

For all other financial instruments, the Group recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at fair value through other comprehensive income, for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve, and does not reduce the carrying amount of the financial asset in the statements of financial position.

(ii) Impairment of Non-Financial Assets

The carrying values of assets, other than those to which IAS 36 - Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. The recoverable amount of an asset is the higher of the asset's fair value less costs to sell and its value in use, which is measured by reference to discounted future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment loss is recognised in profit or loss.

When there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately.

(h) Provisions

Provisions for liabilities are recognised when the Group has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and when a reliable estimate of the amount can be made. Provisions are reviewed at financial year end date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation. The discount rate shall be a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as interest expense in profit or loss.

(i) Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation is charged to profit or loss (unless it is included in the carrying amount of another asset) on the straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:

| | % |
|---|---|
| Computers | 20 - 30 |
| Freehold shoplot | 2 |
| Motor vehicles | 10 |
| Office equipment, furniture and fittings | 10 |
| Renovation | 10 - 20 |
| Technical tools | 20 |

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property, plant and equipment.

When significant parts of an item of equipment have different useful lives, they are accounted for as separate items (major components) of equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset, being the different between the net disposal proceeds and the carrying amount, is recognised in profit or loss.

Fully depreciated plant and equipment are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these plant and equipment.

(j) Investment Properties

Investment properties are properties which are owned or right-to-use asset held to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties which are owned are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for its intended use. The right-of-use asset held under a lease contract that meets the definition of investment property is measured initially similarly as other right-of-use assets.

Subsequent to initial recognition, investment properties are stated at fair value with fair value changes recognised in profit or loss.

If the Group determines that the fair value of an investment property under construction is not reliably determinable but expects the fair value of the property to be reliably determinable when construction is complete, the Group shall measure that investment property under construction at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier). Once the Group is able to measure reliably the fair value of an investment property under construction that has previously been measured at cost, the Group shall measure that property at its fair value.

Investment properties are derecognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal.

On the derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property or inventories, the fair value at the date of change becomes the cost for subsequent accounting purposes. If the owner-occupied property becomes an investment property, such property shall be accounted for in accordance with the accounting policy for property, plant and equipment up to the date of change in use.

(k) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out method and comprises the purchase price and incidentals incurred in bringing the inventories to their present location and condition. The cost of conversion includes cost directly related to the units of production, and a proportion of fixed production overheads based on the normal capacity of the production facilities.

Net realisable value represents the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.

(l) Contract Asset and Contract Liability

A contract asset is recognised when the Group's right to consideration is conditional on something other than the passage of time. A contract asset is subject to impairment requirements of IFRS 9.

A contract liability is stated at cost and represents the obligation of the Group to transfer goods or services to a customer for which consideration has been received (or the amount is due) from the customers.

(m) Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market's participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;

Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs are unobservable inputs for the asset or liability.

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

(n) Revenue from Contracts with Customers

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer and is measured at the consideration specified in the contract of which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, net of sales and service tax, returns, rebates and discounts.

The Group recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of that asset.

Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time. The Group transfers control of a good or service at a point in time unless one of the following overtime criteria is met:

- The customer simultaneously receives and consumes the benefits provided as the Group performs.
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.
- The Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

(i) Sale of mobile phones and mobile accessories

Revenue from sale of mobile phones and mobile accessories is recognised when the Group has transferred control of the goods to the customer, being when the goods have been delivered to the customer and upon its acceptance. Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, and bears the risks of obsolescence and loss in relation to the goods.

(ii) Rendering of services

Revenue is recognised at a point in time when the services have been rendered to the customers and coincides with the delivery of services and acceptance by customers.

(o) Revenue from other sources and other income

(i) Rental income

Rental income is accounted for on a straight-line method over the lease term.

(ii) Interest income

Interest income is recognised on an accrual basis using the effective interest method.

(p) Leases

The Group assesses whether a contract is or contains a lease, at the inception of the contract. The Group recognises a right-of-use asset and corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for low-value assets and short-term leases with 12 months or less. For these leases, the Group recognises the lease payments as an operating expense on a straight-line method over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use assets and the associated lease liabilities are presented as a separate line item in the statements of financial position.

The right-of-use asset is initially measured at cost. Cost includes the initial amount of the corresponding lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred less any incentives received.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of the lease liability. The depreciation starts from the commencement date of the lease. If the lease transfers ownership of the underlying asset to the Group or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those property, plant and equipment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in the future lease payments (other than lease modification that is not accounted for as a separate lease) with the corresponding adjustment is made to the carrying amount of the right-of-use asset or is recognised in profit or loss if the carrying amount has been reduced to zero.

(q) Income Tax Expense

(i) Current Tax

Current tax assets and liabilities are expected amount of income tax recoverable or payable to the taxation authorities.

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss (either in other comprehensive income or directly in equity).

(ii) Deferred Tax

Deferred tax are recognised using the liability method for all temporary differences other than those that arise from goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Current and deferred tax items are recognised in correlation to the underlying transactions either in profit or loss, other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill or negative goodwill.

Current tax assets and liabilities or deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity (or on different tax entities but they intend to settle current tax assets and liabilities on a net basis) and the taxation authority.

(r) Employee Benefits

(i) Short-term Employee Benefits

Wages, salaries, social security contributions, paid annual leave, paid sick leave, bonuses and non-monetary benefits are recognised as an expense in the financial year when employees have rendered their services to the Group.

Short-term accumulating compensated absences such as paid annual leave are recognised as an expense when employees render services that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

Bonuses are recognised as an expense when there is a present, legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

(ii) Defined Contribution Plan

The Group's contributions to the Employees' Provident Fund, a defined contribution plan regulated and managed by the government, are charged to the statements of profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further financial obligations.

(s) Cash And Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits and short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts.

(t) Contingent Liability

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements, unless the probability of outflow of economic benefits is remote. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

(u) Operating Segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

(v) Earnings Per Ordinary Share

Basic earnings per ordinary share is calculated by dividing the consolidated profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the reporting period, adjusted for own shares held.

Diluted earnings per ordinary share is determined by adjusting the consolidated profit or loss attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

(w) Borrowing Costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

## 4. INVESTMENT IN SUBSIDIARIES

| | *Company* 2022 AUD | 2021 AUD |
|---|---|---|
| Unquoted shares, at cost | | |
| At 01 January 2022/2021 | 57,656,091 | 57,656,091 |
| Acquisitions of subsidiaries | 3,567,438 | - |
| Addition | 100 | - |
| Disposal | (57,656,091) | - |
| At 31 December 2022/2021 | 3,567,538 | 57,656,091 |
| | | |
| Less: Accumulated impairment loss | | |
| At 01 January 2022/2021 | (57,656,088) | (57,656,088) |
| Disposal | 57,656,088 | - |
| At 31 December 2022/2021 | - | (57,656,088) |
| | | |
| Carrying amount | 3,567,538 | 3 |

Details of the subsidiaries are as follows:

| Name of company | Country of incorporation | Effective equity interest 2022 | 2021 | Principal activities |
|---|---|---|---|---|
| | | % | % | |
| One Mobile Care Sdn. Bhd. | Malaysia | 100 | - | Trading of hand phone accessories, repairing mobile services, technical services and other related activities |
| MPS Telecommunication Sdn. Bhd. | Malaysia | 100 | - | Trading in hand phones, telecommunication accessories and services |
| Neo Connect Australia Pty. Ltd.# | Australia | 100 | - | Repairing and servicing, distribution and supply of ICT products |
| Circle Corporation International Limited | Hong Kong | - | 100 | Advertising, branding, e-media services and creative marketing solution |
| Circle Corp Mediatech Sdn. Bhd. | Malaysia | - | 100 | Advertising, publication, entertainment, events, business circle mobile app and related services |

| Name of company | Country of incorporation | Effective equity interest 2022 | 2021 | Principal activities |
|---|---|---|---|---|
| | | % | % | |
| Inno Mind Works Sdn. Bhd. | Malaysia | - | 100 | Event organiser, advertisement and media industries |

*Note:*

# - not required to be audited and consolidated using unaudited financial statements

(a) Reverse Acquisition

The acquisition of the entire equity interest in One Mobile Care Sdn. Bhd. ("OMC") was completed during the financial year for a total consideration of RM6,781,509 or AUD2,238,048. This consideration was satisfied by issuance of 450,288,135 new ordinary shares at AUD0.005 per share. The transaction is treated as a reverse acquisition for accounting purposes as the shareholders of OMC became the controlling shareholders of the Company on completion of the transaction. Accordingly, OMC (being the legal subsidiary in the transaction) is regarded as the accounting acquirer, and the Company (being the legal parent in the transaction) is regarded as the accounting acquiree.

For accounting purposes, the cut-off was taken on 01 January 2022 as the board of directors of Circle International Holdings Limited ("CIHL") has confirmed that the management of OMC has gained the control on the Group from 01 January 2022 onwards.

As OMC is a private entity, the fair value of the Company's shares provides a more reliable basis for measuring the consideration transferred than the estimated fair value of the share in OMC. The consideration transferred is determined using the fair value of the issued equity of the Company before the acquisition and the number of new ordinary shares OMC would have to issue to the equity holders of the Company to maintain the ratio of ownership interest in the combined entity.

The fair value of the identifiable assets and liabilities of CIHL as at the date of reverse acquisition were:

| | *Group* 2022 AUD |
|---|---|
| Trade and other receivables | 21,237 |
| Current tax assets | 3,512 |
| Bank balances | 1,746 |
| Trade and other payables | (2,549,192) |
| Term loans | (56,836) |
| Bank overdraft | (30) |
| Current tax liabilities | (322,502) |
| Fair value of net identifiable liabilities acquired | (2,902,065) |

**The effect of the acquisition on cash flows is as follows:**

**Net cashflow arising from reverse acquisition:**

| | |
|---|---|
| Cash and cash equivalents from acquisition of subsidiaries, representing net cash inflow from reverse acquisition | 1,716 |

**Goodwill arising from reverse acquisition:**

| | |
|---|---|
| Deemed purchase consideration transferred | 894,668 |
| Add: Fair value of net identifiable liabilities acquired | 2,902,065 |
| Goodwill on consideration | 3,796,733 |

The goodwill of AUD3,796,733 arising from the reverse acquisition is recognised and expensed off in the "Other Expenses" line item of the Statements of Profit or Loss and Other Comprehensive Income.

(b) Direct acquisition of a subsidiary

The acquisition of the entire equity interest of MPS Telecommunication Sdn. Bhd. ("MPS") was completed during the financial year for a total consideration of RM4,028,185 or AUD1,329,390. This consideration was satisfied by issuance of 267,469,071 new ordinary shares at AUD0.005 per share.

For accounting purposes, the cut-off was taken on 01 January 2022.

The fair value of the identifiable assets and liabilities of MPS as at the date of acquisition were:

| | *Group* 2022 AUD |
|---|---|
| Property, plant and equipment | 412,949 |
| Investment properties | 6,171,846 |
| Right-of-use assets | 95,197 |
| Inventories | 2,332,455 |
| Trade and other receivables | 3,214,291 |
| Current tax assets | 34,976 |
| Fixed deposits with a licensed bank | 392,454 |
| Cash and bank balances | 657,209 |
| Deferred tax liabilities | (17,702) |
| Lease liabilities | (135,701) |
| Term loans | (6,493,248) |
| Trade and other payables | (2,694,761) |
| Contract liabilities | (109,785) |
| Borrowings | (561,449) |
| Bank overdraft | (493,234) |
| Fair value of net identifiable assets acquired | 2,805,497 |

**The effect of the acquisition on cash flows is as follows:**

| **Net cashflow arising from acquisition of a subsidiary:** | AUD |
|---|---|
| Cash consideration | - |
| Add: Cash and bank balances | 657,209 |
| Less: Bank overdraft | (493,234) |
| Cash and cash equivalents from acquisition of a subsidiary, representing net cash inflow from acquisition of a subsidiary | 163,975 |

| **Bargain purchase gain arising from direct acquisition:** | AUD |
|---|---|
| Fair value of consideration transferred: | |
| - equity instruments issued | 1,329,390 |
| Less: Fair value of net identifiable assets acquired | (2,805,497) |
| Bargain purchase gain on acquisition | (1,476,107) |

(c) Disposal of subsidiaries

(i) On 31 March 2022, the Company disposed of its entire equity interests in Circle Corporation International Limited for AUD1 in cash.

The financial effects of the disposal at the date of disposal are summarised as below:

| | *Group* 2022 AUD | *Company* 2022 AUD |
|---|---|---|
| Investment in a subsidiary | - | - |
| Trade and other receivables | 52,225 | - |
| Bank overdraft | (29) | - |
| Trade and other payables | (892,264) | - |
| Current tax liabilities | (289,505) | - |
| Carrying amount of net liabilities disposed of | (1,129,573) | - |
| Effect of foreign exchange translation reserve | (39,855) | - |
| Gain on disposal of a subsidiary | 1,169,429 | 1 |
| Consideration received, satisfied in cash | 1 | 1 |
| Add: Cash and cash equivalents of a subsidiary disposed of | 29 | - |
| Net cash inflow from the disposal of a subsidiary | 30 | 1 |

(ii) On 31 March 2022, the Company disposed of its entire equity interests in Circle Corp Mediatech Sdn. Bhd. for AUD1 in cash.

The financial effects of the disposal at the date of disposal are summarised as below:

| | *Group* 2022 AUD | *Company* 2022 AUD |
|---|---|---|
| Investment in a subsidiary | - | 3 |
| Trade and other receivables | 1,019,822 | - |
| Cash and bank balances | 338 | - |
| Trade and other payables | (1,439,981) | - |
| Current tax liabilities | (21,947) | - |
| Carrying amount of net (liabilities)/assets disposed of | (441,768) | 3 |
| Effect of foreign exchange translation reserve | (55,807) | - |
| Gain/(Loss) on disposal of a subsidiary | 497,576 | (2) |
| Consideration received, satisfied in cash | 1 | 1 |
| Less: Cash and cash equivalents of a subsidiary disposed of | (338) | - |
| Net cash (outflow)/inflow from the disposal of a subsidiary | (337) | 1 |

(iii) On 31 March 2022, the Company disposed of its entire equity interests in Inno Mind Works Sdn. Bhd. for AUD1 in cash.

The financial effects of the disposal at the date of disposal are summarised as below:

| | *Group* 2022 AUD | *Company* 2022 AUD |
|---|---|---|
| Investment in a subsidiary | - | - |
| Trade and other receivables | 132,420 | - |
| Cash and bank balances | 1,343 | - |
| Current tax assets | 3,383 | - |
| Trade and other payables | (591,815) | - |
| Term loans | (54,746) | - |
| Carrying amount of net liabilities disposed of | (509,415) | - |
| Effect of foreign exchange translation reserve | (24,505) | - |
| Gain on disposal of a subsidiary | 533,921 | 1 |
| Consideration received, satisfied in cash | 1 | 1 |
| Less: Cash and cash equivalents of a subsidiary disposed of | (1,343) | - |
| Net cash (outflow)/inflow from the disposal of a subsidiary | (1,342) | 1 |

(d) Incorporated a new subsidiary

On 28 October 2022, the Company has incorporated a new subsidiary, Neo Connect Australia Pty. Ltd. with an issued capital of AUD100 divided into 1,000 ordinary shares and it is a wholly-owned subsidiary of the Company. The intended principal activity of Neo Connect Australia Pty. Ltd. is repairing and servicing, distribution and supply of ICT products.

## 5. GOODWILL ON CONSOLIDATION

| | *Group* 2022 AUD | 2021 AUD |
|---|---|---|
| *Cost* | | |
| At 01 January 2022/2021 | - | - |
| Arising from the reverse acquisition | 3,796,733 | - |
| At 31 December 2022/2021 | 3,796,733 | - |
| Less: Accumulated impairment loss | | |
| At 01 January 2022/2021 | - | - |
| Additional during the year | (3,796,733) | - |
| At 31 December 2022/2021 | (3,796,733) | - |
| Carrying amount | - | - |

Upon the completion of the reverse acquisition exercise as disclosed in *Note 4(a)*, the Group carried out a review of the recoverable amount of the goodwill arising from the reverse acquisition and noted that the recoverable amount of the said goodwill was lower than its carrying amount, Accordingly, an impairment loss of AUD3,796,733 arising from the reverse acquisition was recognised and expensed off in the "Other Expenses" line item of the Statements of Profit or Loss and Other Comprehensive Income.

## 6. PROPERTY, PLANT AND EQUIPMENT

The details of property, plant and equipment are as follows:

| *Group* | Computers | Office equipment, furniture and fittings | Freehold shoplot | Motor vehicles | Renovation | Technical tools | Total |
|---|---|---|---|---|---|---|---|
| | AUD | AUD | AUD | AUD | AUD | AUD | AUD |
| *Cost* | | | | | | | |
| At 01 January 2021 | 156,717 | 146,380 | - | 157,921 | 112,520 | 20,262 | 593,800 |
| Additions | 4,194 | 3,795 | - | - | 421 | - | 8,410 |
| Effect of foreign exchange translation reserve | 3,191 | 2,978 | - | 3,106 | 2,225 | 399 | 11,899 |
| At 31 December 2021/01 January 2022 | 164,102 | 153,153 | - | 161,027 | 115,166 | 20,661 | 614,109 |
| Acquisition of a subsidiary | 363,569 | 228,850 | 277,254 | 123,704 | 360,412 | - | 1,353,789 |
| Additions | 9,926 | 20,748 | - | - | 95,358 | 80,344 | 206,376 |
| Effect of foreign exchange translation reserve | 7,324 | 5,596 | 3,737 | 3,838 | 8,037 | 1,649 | 30,181 |
| At 31 December 2022 | 544,921 | 408,347 | 280,991 | 288,569 | 578,973 | 102,654 | 2,204,455 |
| *Accumulated depreciation* | | | | | | | |
| At 01 January 2021 | 154,484 | 101,946 | - | 157,921 | 97,292 | 19,493 | 531,136 |
| Charge for the financial year | 1,312 | 14,853 | - | - | 2,791 | 285 | 19,241 |
| Effect of foreign exchange translation reserve | 3,072 | 2,390 | - | 3,106 | 1,985 | 391 | 10,944 |
| At 31 December 2021/01 January 2022 | 158,868 | 119,189 | - | 161,027 | 102,068 | 20,169 | 561,321 |
| Acquisition of a subsidiary | 361,300 | 119,139 | 75,063 | 104,233 | 281,105 | - | 940,840 |
| Charge for the financial year | 4,554 | 31,262 | 5,504 | 3,930 | 29,293 | 8,253 | 82,796 |
| Effect of foreign exchange translation reserve | 7,106 | 3,874 | 1,127 | 3,659 | 5,785 | 447 | 21,998 |
| At 31 December 2022 | 531,828 | 273,464 | 81,694 | 272,849 | 418,251 | 28,869 | 1,606,955 |
| *Carrying amount* | | | | | | | |
| At 31 December 2022 | 13,093 | 134,883 | 199,297 | 15,720 | 160,722 | 73,785 | 597,500 |
| At 31 December 2021 | 5,234 | 33,964 | - | - | 13,098 | 492 | 52,788 |

The freehold shoplot of the Group has been pledged to licensed banks as security for banking facilities granted to the Group.

## 7. INVESTMENT PROPERTIES

| | *Group* | |
|---|---|---|
| | 2022 | 2021 |
| | AUD | AUD |
| *At fair value:* | | |
| At 01 January 2022/2021 | 300,155 | - |
| Addition during the financial year | 592,936 | 288,126 |
| Acquisition of a subsidiary | 6,171,846 | - |
| Fair value gain recognised in profit or loss | 466,085 | - |
| Effect of foreign exchange translation reserve | (5,602) | 12,029 |
| At 31 December 2022/2021 | 7,525,420 | 300,155 |
| Represented by: | | |
| Freehold buildings | 6,709,479 | - |
| Buildings under construction | 815,941 | 300,155 |
| | 7,525,420 | 300,155 |

The details of the Group's investment properties that are carried at fair values are analysed as follows:

| | Level 2 | Total |
|---|---|---|
| | AUD | AUD |
| 31 December 2021 | | |
| Freehold buildings | - | - |
| 31 December 2022 | | |
| Freehold buildings | 6,709,479 | 6,709,479 |

The level 2 fair value of the freehold buildings has been derived using the market comparison approach with reference to sales price of comparable properties in close proximity, adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties. There has been no change to the valuation technique during the financial year.

The buildings under construction are stated at cost. The fair value of these properties are unable to be determined reliably as there are uncertainties in estimating their fair value at this juncture.

The investment properties of the Group have been pledged to licensed banks as security for the banking facilities granted to the Group.

## 8. RIGHT-OF-USE ASSETS

| | Group | | |
|---|---|---|---|
| | Retail stores AUD | Motor vehicles AUD | Total AUD |
| Carrying amount | | | |
| At 01 January 2021 | 270,958 | 33,500 | 304,458 |
| Additions *(Note 29)* | 61,873 | - | 61,873 |
| Lease modification *(Note 15)* | 188,630 | - | 188,630 |
| Depreciation charge for the financial year | (321,720) | (11,099) | (332,819) |
| Effect of foreign exchange translation reserve | 3,483 | 372 | 3,855 |
| At 31 December 2021/01 January 2022 | 203,224 | 22,773 | 225,997 |
| Acquisition of a subsidiary | 40,772 | 54,425 | 95,197 |
| Additions *(Note 29)* | 427,538 | 165,551 | 593,089 |
| Lease modification *(Note 15)* | 761,141 | - | 761,141 |
| Depreciation charge for the financial year | (616,399) | (67,161) | (683,560) |
| Effect of foreign exchange translation reserve | 15,028 | 3,801 | 18,829 |
| At 31 December 2022 | 831,304 | 179,389 | 1,010,693 |

| | Group | |
|---|---|---|
| | 2022 AUD | 2021 AUD |
| *Analysed by:* | | |
| Cost | 1,671,826 | 704,246 |
| Accumulated depreciation | (661,133) | (478,249) |
| | 1,010,693 | 225,997 |

The Group leases office and apartment of which the leasing activities are summarised below:

(i) Retail stores: The Group has leased a number of retail stores that run between 1 to 3 years (2021 - 1 and 2) years, with an option to renew the lease after that date. The Group is not allowed to sublease the retail stores.

(ii) Motor vehicle: The Group has leased motor vehicles under hire purchase arrangements.

## 9. INVENTORIES

| | Group | |
|---|---|---|
| | 2022 | 2021 |
| | AUD | AUD |
| Finished goods - at cost | 4,071,174 | 937,505 |
| Recognised in profit or loss: | | |
| Inventories recognised as cost of sales | 52,344,386 | 7,010,187 |

## 10. TRADE AND OTHER RECEIVABLES

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | 2022 | 2021 | 2022 | 2021 |
| | *Note* | AUD | AUD | AUD | AUD |
| Trade receivables - net of impairment | | | | | |
| - related parties | | 162,333 | 213,647 | - | - |
| - others | | 3,027,215 | 701,943 | - | - |
| | (a) | 3,189,548 | 915,590 | - | - |
| Other receivables - net of impairment | | | | | |
| - related parties | | 469,244 | 1,624,652 | - | - |
| - others | | 577,434 | - | - | - |
| | (b) | 1,046,678 | 1,624,652 | - | - |
| Contract assets | (c) | 316,186 | - | - | - |
| Deposits and prepayment | | 503,953 | 231,392 | 19,211 | 20,749 |
| | | 5,056,365 | 2,771,634 | 19,211 | 20,749 |

| | | Group 2022 AUD | Group 2021 AUD | Company 2022 AUD | Company 2021 AUD |
|---|---|---|---|---|---|
| (a) | Trade receivables | 3,189,548 | 915,590 | - | - |
| | Less: Impairment losses | | | | |
| | At 01 January 2022/2021 | - | - | - | - |
| | Acquisition of subsidiaries | (8,596) | - | - | - |
| | Disposal of subsidiaries | 8,596 | - | - | - |
| | At 31 December 2022/2021 | - | - | - | - |
| | | 3,189,548 | 915,590 | - | - |
| (b) | Other receivables | 1,089,388 | 1,624,652 | 42,710 | 42,710 |
| | Less: Impairment losses | | | | |
| | At 01 January 2022/2021 | - | - | (42,710) | (42,710) |
| | Acquisition of subsidiaries | (422,968) | - | - | - |
| | Disposal of subsidiaries | 380,258 | - | - | - |
| | At 31 December 2022/2021 | (42,710) | - | (42,710) | (42,710) |
| | | 1,046,678 | 1,624,652 | - | - |

| | | *Group* | | *Company* | |
|---|---|---|---|---|---|
| | | 2022 | 2021 | 2022 | 2021 |
| | | AUD | AUD | AUD | AUD |
| (c) | Contract assets | | | | |
| | At 01 January 2022/2021 | - | - | - | - |
| | Performance obligation performed | 316,186 | - | - | - |
| | At 31 December 2022/2021 | 316,186 | - | - | - |

The Group's normal trade credit terms range from 30 to 120 days (2021: 30 to 120 days). Other credit terms are assessed and approved on a case-by-case basis.

## 11. FIXED DEPOSITS WITH A LICENSED BANK

| | *Group* | |
|---|---|---|
| | 2022 | 2021 |
| | AUD | AUD |
| Fixed deposits with a licensed bank | 405,102 | - |
| Interest rate (%) | 2.32 | - |
| Maturity period (months) | 12 | - |

Included in the fixed deposits with a licensed bank of the Group at the end of the reporting period have been pledged to a licensed bank as security for bank facilities granted to the Group.

## 12. SHARE CAPITAL

| | *Group* | | | |
|---|---|---|---|---|
| | Number of shares | | Amount | |
| | 2022 | 2021 | 2022 | 2021 |
| Issued and fully paid-up | Unit | Unit | AUD | AUD |
| Ordinary shares | | | | |
| At 1 January 2022/2021 | 180,000,400 | 180,000,400 | 383,155 | 383,155 |
| Issued pursuant to the: | | | | |
| - reverse acquisition of OMC | 450,288,135 | - | 894,668 | - |
| - acquisition of MPS | 267,469,071 | - | 1,329,390 | - |
| At 31 December 2022/2021 | 897,757,606 | 180,000,400 | 2,607,213 | 383,155 |

| | *Company* | | | |
|---|---|---|---|---|
| | Number of shares | | Amount | |
| | 2022 | 2021 | 2022 | 2021 |
| Issued and fully paid-up | Unit | Unit | AUD | AUD |
| Ordinary shares | | | | |
| At 1 January 2022/2021 | 180,000,400 | 180,000,400 | 57,656,229 | 57,656,229 |
| Issued pursuant to the: | | | | |
| - reverse acquisition of OMC | 450,288,135 | - | 2,238,048 | - |
| - acquisition of MPS | 267,469,071 | - | 1,329,390 | - |
| At 31 December 2022/2021 | 897,757,606 | 180,000,400 | 61,223,667 | 57,656,229 |

The holders of ordinary shares are entitled to receive dividends and when declared by the Company and are entitled to one vote per ordinary share at meetings of the Company.

## 13. RESERVES

| | *Group* | | *Company* | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | AUD | AUD | AUD | AUD |
| Retained profits/(Accumulated losses) | 2,543,355 | 1,406,488 | (58,352,121) | (58,354,893) |
| Effect of foreign exchange translation reserve | (54,114) | (96,200) | (52,181) | (2,472) |
| | 2,489,241 | 1,310,288 | (58,404,302) | (58,357,365) |

### Foreign exchange translation reserve

The foreign exchange translation reserve arose from the translation of the financial statements of the Company and its foreign subsidiaries whose functional currencies are different from the Group's presentation currency.

## 14. DEFERRED TAX LIABILITIES/(ASSETS)

| | *Group* | |
|---|---|---|
| | 2022 | 2021 |
| | AUD | AUD |
| At 01 January 2022/2021 | - | (880) |
| Acquisition of a subsidiary | 17,702 | - |
| Recognised in profit or loss *(Note 25)* | 112,349 | 879 |
| Effect of foreign exchange translation reserve | 2,613 | 1 |
| At 31 December 2022/2021 | 132,664 | - |
| Represented: | | |
| Accelerated capital allowances over depreciation on qualifying cost of property, plant and equipment | 17,941 | - |
| Fair value gain on investment properties | 114,723 | - |
| | 132,664 | - |

## 15. LEASE LIABILITIES

| | Group 2022 AUD | Group 2021 AUD |
|---|---|---|
| At 01 January 2022/2021 | 253,639 | 349,796 |
| Acquisition of a subsidiary | 135,701 | - |
| Additions *(Note 29)* | 568,471 | 61,873 |
| Changes due to lease modification *(Note 8)* | 761,141 | 188,630 |
| Derecognition due to lease modification *(Note 21)* | (3,717) | - |
| Interest expense recognised in profit or loss | 63,442 | 28,143 |
| Repayment of principal | (653,131) | (352,353) |
| Repayment of interest expense | (63,442) | (28,143) |
| Effect of foreign exchange translation reserve | 19,706 | 5,693 |
| At 31 December 2022/2021 | 1,081,810 | 253,639 |
| Analysed by: | | |
| Current liabilities | 528,751 | 214,796 |
| Non-current liabilities | 553,059 | 38,843 |
| | 1,081,810 | 253,639 |

## 16. TERM LOANS

The terms loans are repayable as follows:

| | Group 2022 AUD | Group 2021 AUD |
|---|---|---|
| Current liabilities | 582,040 | 128,860 |
| Non-current liabilities | 6,466,068 | 852,820 |
| | 7,048,108 | 981,680 |
| Interest rate (%) | 3.37-13.00 | 3.23-13.00 |

The term loans are secured by:

(a) a joint and several guarantee by the directors of the subsidiaries;
(b) a legal charge over the investment properties of the Group;
(c) a legal charge over a freehold shoplot of the Group; and
(d) fixed deposits pledge to a licensed bank of the Group.

## 17. TRADE AND OTHER PAYABLES

| | | *Group* | | *Company* | |
|---|---|---|---|---|---|
| | | 2022 | 2021 | 2022 | 2021 |
| | *Note* | AUD | AUD | AUD | AUD |
| Trade payables | | | | | |
| - related parties | | 3,205 | 6,449 | - | - |
| - others | | 1,291,562 | 277,808 | - | - |
| | | 1,294,767 | 284,257 | - | - |
| Other payables | | 168,811 | - | 113,250 | 91,349 |
| Contract liabilities | (a) | 133,673 | - | - | - |
| Accruals | | 322,175 | 102,530 | 21,231 | 32,680 |
| Amount owing to related parties | | 12,138 | - | 96 | 306,168 |
| Amount owing to directors of subsidiaries | | 32,218 | 17,564 | - | - |
| Amount owing to subsidiaries | | - | - | 632,807 | 291,691 |
| | | 1,963,782 | 404,351 | 767,384 | 721,888 |

| | | | | |
|---|---|---|---|---|
| (a) Contract liabilities | | | | |
| At 01 January 2022/2021 | - | - | - | - |
| Acquisition of a subsidiary | 109,785 | - | - | - |
| Contract liabilities recognised as revenue | (108,962) | - | - | - |
| Cash received/Amount billed for unfufilled performance obligations | 130,906 | - | - | - |
| Effect of foreign exchange translation | 1,944 | - | - | - |
| At 31 December 2022/2021 | 133,673 | - | - | - |
| Represented by: | | | | |
| Sales of mobile phones | 101,519 | - | - | - |
| Provision for services | 32,154 | - | - | - |
| | 133,673 | - | - | - |

The Group's normal trade credit terms range from 30 to 90 days (2021: 30 to 90 days).

Amount owing to directors of subsidiaries, amount owing to related parties and amount owing to subsidiaries are non-trade in nature, unsecured, interest-free and payable upon demand in cash and cash equivalents.

The contract liabilities primarily relate to advances received from few customers for sales of mobile phones and the provision for services. The amount will be recognised as revenue when the performance obligations are satisfied.

No information is provided for remaining performance obligations that have original expected durations of 1 year or less, as allowed by IFRS 15.121(a).

## 18. BORROWINGS

| | Group 2022 AUD | Group 2021 AUD |
|---|---|---|
| Multi trade line | 3,329,756 | 1,088,413 |
| Interest rate (%) | 4.00-18.00 | 4.00-18.00 |

The borrowing is secured by:

(a) a legal charge over a freehold shoplot of the Group; and
(b) a joint and several guarantee by the directors of the subsidiaries.

## 19. BANK OVERDRAFT

| | Group 2022 AUD | Group 2021 AUD |
|---|---|---|
| Bank overdraft | 788,798 | - |
| Interest rate (%) | 6.89-7.95 | - |

The bank overdraft is secured by:

(a) a legal charge over the certain investment properties of the Group;
(b) a legal charge over a freehold shoplot of the Group;
(c) a joint and several guarantee by the directors of a subsidiary; and
(d) fixed deposits pledge to a licensed bank of the Group.

## 20. REVENUE

| | Group 2022 AUD | Group 2021 AUD |
|---|---|---|
| At point of time: | | |
| Services rendered | 11,861,575 | 8,696,632 |
| Sales of consumer products | 44,868,121 | - |
| Incentives | 376,416 | - |
| | 57,106,112 | 8,696,632 |

## 21. OTHER INCOME

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | AUD | AUD | AUD | AUD |
| Bargain purchase gain on acquisition of a subsidiary | 1,476,107 | - | - | - |
| Fair value gain on investment properties | 466,085 | - | - | - |
| Gain on disposal of subsidiaries | 2,200,926 | - | - | - |
| Gain on modification of leases | 3,717 | - | - | - |
| Interest income | 7,316 | 151 | - | - |
| Management fees | 58,958 | - | - | - |
| Realised gain on foreign exchange | 102,833 | - | - | - |
| Reimbursement of manpower | 47,167 | 70,447 | - | - |
| Reimbursement of rental | 451,136 | 458,447 | - | - |
| Rental income | 200,950 | - | - | - |
| Waiver of debts from other payables | 305,236 | - | 305,236 | - |
| | 5,320,431 | 529,045 | 305,236 | - |

## 22. OTHER EXPENSES

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | AUD | AUD | AUD | AUD |
| Bad debts written off | 31,651 | - | - | - |
| Depreciation of property, plant and equipment | 82,796 | 19,241 | - | - |
| Depreciation of right-of-use assets | 683,560 | 332,819 | - | - |
| Impairment losses on goodwill | 3,796,733 | - | - | - |
| Unrealised loss on foreign exchange | 5,648 | - | 439 | 68 |
| | 4,600,388 | 352,060 | 439 | 68 |

## 23. FINANCE COSTS

| | Group | |
|---|---|---|
| | 2022 | 2021 |
| | AUD | AUD |
| Imputed interest on trade and other receivables | 77,309 | - |
| Interest expenses on lease liabilities | 63,442 | 28,143 |
| Term loans interest | 377,825 | 77,177 |
| Borrowings interest | 228,126 | 45,406 |
| Bank overdraft interest | 44,890 | - |
| | 791,592 | 150,726 |

## 24. PROFIT/(LOSS) BEFORE TAXATION

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | AUD | AUD | AUD | AUD |
| Profit/(Loss) before taxation is stated *after charging:* | | | | |
| Auditors' remunerations | | | | |
| - current year | 37,741 | 9,650 | 11,537 | 12,577 |
| - (over)/underprovision in the previous years | (3,692) | - | (3,692) | 8,003 |
| Lease expenses: | | | | |
| - low-value assets | 3,477 | 1,722 | - | - |
| - short-term leases | 66,579 | 79,872 | - | - |
| Staff costs *(Note 26)* | 1,926,921 | 1,053,570 | 62,953 | - |

## 25. INCOME TAX EXPENSE

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | AUD | AUD | AUD | AUD |
| Malaysian income tax | | | | |
| - current year's provision | 434,326 | 91,356 | - | - |
| - under provision in the previous financial years | 1,884 | 1,888 | - | - |
| | 436,210 | 93,244 | - | - |
| Deferred tax liabilities *(Note 14)* | | | | |
| - originating and recognition of temporary differences | - | 879 | - | - |
| - effect on fair value adjustment on investment properties | 112,349 | - | - | - |
| | 112,349 | 879 | - | - |
| | 548,559 | 94,123 | - | - |

A reconciliation of income tax expense applicable to profit/(loss) before taxation at the statutory income tax rate to income tax expense at the effective income tax rate is as follows:

| | *Group* | | *Company* | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | AUD | AUD | AUD | AUD |
| Profit/(Loss) before taxation | 1,685,426 | 420,258 | 2,772 | (190,349) |
| Tax at statutory tax rate of 24% | 404,502 | 100,862 | 665 | (45,684) |
| • Adjustments for the following tax effects: | | | | |
| - lower tax rate for small medium size industry | - | (13,510) | - | - |
| - expenses not deductible for tax purposes | 142,824 | 4,883 | - | 45,684 |
| - non-taxable income | (113,000) | - | (665) | - |
| | 29,824 | (8,627) | (665) | 45,684 |
| • Under provision in the previous financial years | 1,884 | 1,888 | - | - |
| • Effect on fair value adjustment on investment properties | 112,349 | - | - | - |
| | 548,559 | 94,123 | - | - |

## 26. STAFF COSTS

The staff costs recognised in profit or loss are as follows:

| | *Group* | | *Company* | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | AUD | AUD | AUD | AUD |
| Director's fees | 20,767 | - | 20,767 | - |
| Directors of subsidiaries' remuneration | | | | |
| - fees | 42,581 | 30,881 | - | - |
| - salaries, allowances and bonuses | 107,566 | 23,997 | - | - |
| - defined contribution plan | 5,031 | 2,880 | - | - |
| - other employee benefits | 600 | 297 | - | - |
| Salaries, wages and allowances | 1,565,795 | 892,061 | 37,381 | - |
| Defined contribution plan | 161,455 | 90,366 | 4,485 | - |
| Other employee benefits | 23,126 | 13,088 | 320 | - |
| | 1,926,921 | 1,053,570 | 62,953 | - |

## 27. EARNINGS PER SHARE

(a) Basic earnings per share

Due to the reverse acquisition during the financial year, the comparative earnings per ordinary share has been restated and reflects the results of OMC during the financial year ended 31 December 2021. The number of ordinary shares issued by the Company for the reverse acquisition is deemed to be the weighted average number of ordinary shares for the financial year ended 31 December 2021.

The weighted average number of ordinary shares for the financial year ended 31 December 2022 is calculated using the number of ordinary shares issued by the Company for the reverse acquisition, which is the number of shares deemed to be outstanding from the beginning of the period to the reverse acquisition date, and the number of ordinary shares of the Company outstanding from the reverse acquisition date to the end of the year.

| | *Group* | |
|---|---|---|
| | 2022 | 2021 |
| | AUD | AUD |
| Profit after taxation | 1,136,867 | 326,135 |
| Weighted average number of ordinary shares in issue | 881,269,786 | 450,288,135 |
| Basic earnings per share (cents) | 0.13 | 0.07 |

(b) Diluted earnings per share

The Company has not issued any dilutive potential ordinary shares, and hence, the diluted earnings per share is equal to the basic earnings per share.

## 28. DIVIDEND

| | *Group* | |
|---|---|---|
| | 2022 | 2021 |
| | AUD | AUD |
| Interim single tier dividend of AUD0.29 per ordinary share in respect of the financial year ended 31 December 2020 | - | 315,378 |

## 29. CASH FLOW INFORMATION

(a) The cash disbursed for the addition of right-of-use assets is as follows:

| | *Group* 2022 | 2021 |
|---|---|---|
| Right-of-use assets | AUD | AUD |
| Cost of right-of-use assets acquired *(Note 8)* | 593,089 | 61,873 |
| Less: Additional of new lease liabilities *(Note 15)* | (568,471) | (61,873) |
| | 24,618 | - |

(b) The total cash outflows for leases as a lessee are as follows:

| | *Group* 2022 | 2021 |
|---|---|---|
| | AUD | AUD |
| Interest paid on lease liabilities | 63,442 | 28,143 |
| Payment of lease liabilities | 653,131 | 352,353 |
| Payment of low-value assets | 3,477 | 1,722 |
| Payment of short-term leases | 66,579 | 79,872 |
| | 786,629 | 462,090 |

(c) The cash and cash equivalents comprise the following:

| | *Group* 2022 | 2021 |
|---|---|---|
| | AUD | AUD |
| Cash and bank balances | 834,784 | 172,720 |
| Fixed deposits with a licensed bank | 405,102 | - |
| Bank overdraft | (788,798) | - |
| | 451,088 | 172,720 |
| Less: Fixed deposits pledged to a licensed bank | (405,102) | - |
| | 45,986 | 172,720 |

(d) The reconciliation of liabilities arising from financing activities are as follows:

| | *Group* | | | |
|---|---|---|---|---|
| | Term loans | Borrowings | Lease liabilities | Total |
| | AUD | AUD | AUD | AUD |
| *Group* | | | | |
| At 01 January 2022 | 981,680 | 1,088,413 | 253,639 | 2,323,732 |
| Changes in Financing Cash Flows | | | | |
| Proceeds from drawdown | - | 15,439,185 | - | 15,439,185 |
| Repayment of principal | (516,654) | (13,815,943) | (653,131) | (14,985,728) |
| Repayment of interest | (377,825) | (228,126) | (63,442) | (669,393) |
| | (894,479) | 1,395,116 | (716,573) | (215,936) |
| Non-cash changes | | | | |
| Acquisition of subsidiaries | 6,550,084 | 561,449 | 135,701 | 7,247,234 |
| Disposal of a subsidiary | (54,746) | - | - | (54,746) |
| Acquisition of new leases | - | - | 568,471 | 568,471 |
| Changes due to lease modification | - | - | 761,141 | 761,141 |
| Derecognition due to lease modification | - | - | (3,717) | (3,717) |
| Interest expenses recognised in profit or loss | 377,825 | 228,126 | 63,442 | 669,393 |
| Effect of foreign exchange translation reserve | 87,744 | 56,652 | 19,706 | 164,102 |
| | 6,960,907 | 846,227 | 1,544,744 | 9,351,878 |
| At 31 December 2022 | 7,048,108 | 3,329,756 | 1,081,810 | 11,459,674 |

| | Group | | | |
|---|---|---|---|---|
| | Term loans | Borrowings | Lease liabilities | Total |
| | AUD | AUD | AUD | AUD |
| *Group* | | | | |
| At 01 January 2021 | 806,750 | 820,359 | 349,796 | 1,976,905 |
| Changes in Financing Cash Flows | | | | |
| Proceeds from drawdown | 241,162 | 5,901,181 | - | 6,142,343 |
| Repayment of principal | (89,391) | (5,658,957) | (352,353) | (6,100,701) |
| Repayment of interest | (77,177) | (45,406) | (28,143) | (150,726) |
| | 74,594 | 196,818 | (380,496) | (109,084) |
| Non-cash changes | | | | |
| Acquisition of new leases | - | - | 61,873 | 61,873 |
| Changes due to lease modification | - | - | 188,630 | 188,630 |
| Interest expenses recognised in profit or loss | 77,177 | 45,406 | 28,143 | 150,726 |
| Effect of foreign exchange translation reserve | 23,159 | 25,830 | 5,693 | 54,682 |
| | 100,336 | 71,236 | 284,339 | 455,911 |
| At 31 December 2021 | 981,680 | 1,088,413 | 253,639 | 2,323,732 |

## 30. RELATED PARTY DISCLOSURES

(a) Identifies of Related Parties

Parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control.

In addition to the information detailed elsewhere in the financial statements, the Group has related party relationships with its directors, key management personnel and entities within the same group of companies.

(i) The key management personnel compensation during the financial year are as follows:

| | *Group* | | *Company* | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | AUD | AUD | AUD | AUD |
| Director's fees | 20,767 | - | 20,767 | - |
| Directors of subsidiaries' remuneration | | | | |
| - fees | 42,581 | 30,881 | - | - |
| - salaries, allowances and bonuses | 107,566 | 23,997 | - | - |
| - defined contribution plan | 5,031 | 2,880 | - | - |
| - other employee benefits | 600 | 297 | - | - |
| | 176,545 | 58,055 | 20,767 | - |

(ii) Related party transactions

Other than those disclosed elsewhere in the financial statements, the Group also carried out the following transactions with the related parties during the financial year:

| | *Group* | |
|---|---|---|
| | 2022 | 2021 |
| | AUD | AUD |
| Sales to related parties | (81,856) | (467,580) |
| Reimbursement of manpower to a related party | (39,306) | - |
| Purchases from related parties | 11,396 | 42,167 |
| Advances to related parties | (215,237) | - |
| Salaries paid to persons connected to a director | 153,432 | 76,313 |

## 31. CAPITAL COMMITMENTS

| | *Group* 2022 AUD | 2021 AUD |
|---|---|---|
| Purchase of investment properties | 53,683 | 52,969 |

## 32. OPERATING SEGMENT

The Group operates as three operating segments and internal management reporting systems present financial information as three separate segments. The segments derive its revenue and incurs expenses through the following:

| | | |
|---|---|---|
| (1) Investment holding | : | Investment in shares are held for capital gain; |
| (2) Consumer products | : | Distribution and supply of telecommunication products; |
| (3) Repairing and servicing | : | Repairing and servicing of telecommunication devices. |

Comparative figures for 31 December 2021 are not disclosed as the Group mainly consist of repairing and servicing segment only.

(a) The Group Chief Executive Officer assesses the performance of the reportable segments based on their profit or loss for the financial year. The accounting policies of the reportable segments are the same as the Group's accounting policies.

(b) Each reportable segment assets is measured based on all assets of the segment other than tax-related assets.

(c) Each reportable segment liabilities is measured based on all liabilities of the segment other than tax-related liabilities.

(d) Transactions between reportable segments are carried out on agreed terms between both parties. The effects of such inter-segment transactions are eliminated on consolidation.

| | Investment Holding AUD | Consumer Products AUD | Repairing and Servicing AUD | Others AUD | Elimination/ Consolidation adjustment AUD | Total AUD |
|---|---|---|---|---|---|---|
| **01 January 2022 to 31 December 2022** | | | | | | |
| **Revenue** | | | | | | |
| External revenue | - | 45,244,537 | 11,861,575 | - | - | 57,106,112 |
| Inter-segment revenue | - | 577,334 | - | - | (577,334) | - |
| Total revenue | - | 45,821,871 | 11,861,575 | - | (577,334) | 57,106,112 |
| Represented by: | | | | | | |
| Sales of consumer products | - | 45,445,455 | - | - | (577,334) | 44,868,121 |
| Repairing and servicing of consumer products | - | - | 11,861,575 | - | - | 11,861,575 |
| Incentives | - | 376,416 | - | - | - | 376,416 |
| | - | 45,821,871 | 11,861,575 | - | (577,334) | 57,106,112 |
| **Results** | | | | | | |
| Segment profit/(loss) | 2,772 | 1,707,785 | 892,864 | (12,141) | (121,578) | 2,469,702 |
| Finance costs | - | (534,808) | (256,784) | - | - | (791,592) |
| Interest income | - | 7,250 | 66 | - | - | 7,316 |
| Profit/(Loss) before taxation | 2,772 | 1,180,227 | 636,146 | (12,141) | (121,578) | 1,685,426 |
| Income tax expense | | | | | | (548,559) |
| Profit after taxation | | | | | | 1,136,867 |

| | Investment Holding AUD | Consumer Products AUD | Repairing and Servicing AUD | Others AUD | Elimination/ Consolidation Adjustment AUD | Total AUD |
|---|---|---|---|---|---|---|
| **31 December 2022** | | | | | | |
| **Assets** | | | | | | |
| Segment assets | 3,586,750 | 14,584,563 | 5,920,618 | - | (4,590,893) | 19,501,038 |
| Unallocated asset: | | | | | | |
| - current tax assets | | | | | | - |
| Total assets | | | | | | 19,501,038 |
| Included in the measure of segment assets are: | | | | | | |
| Addition to non-current assets other than financial instruments are: | | | | | | |
| - property, plant and equipment | - | 98,871 | 107,505 | - | - | 206,376 |
| - investment properties | - | 592,936 | - | - | - | 592,936 |
| - right-of-use assets | - | 145,011 | 448,078 | - | - | 593,089 |
| **Liabilities** | | | | | | |
| Segment liabilities | 767,386 | 10,781,790 | 3,676,864 | 12,041 | (1,025,827) | 14,212,254 |
| Unallocated liabilities: | | | | | | |
| - current tax liabilities | | | | | | 59,666 |
| - deferred tax liabilities | | | | | | 132,664 |
| Total liabilities | | | | | | 14,404,584 |
| **Other information** | | | | | | |
| Depreciation of property, plant and equipment | - | 52,267 | 30,529 | - | - | 82,796 |
| Depreciation of right-of-use assets | - | 199,021 | 484,539 | - | - | 683,560 |
| Fair value gain on investment properties | - | (466,085) | - | - | - | (466,085) |
| Waiver of debts from other payables | - | (305,236) | - | - | - | (305,236) |

**Geographical information**

Analysis by geographical segment has been presented in respect of revenue only as the Group operates in Malaysia.

| | *Group* 2022 AUD | 2021 AUD |
|---|---|---|
| Local | 41,836,992 | 8,696,632 |
| Export | 15,269,120 | - |
| | 57,106,112 | 8,696,632 |

**Major customer**

The major customer with revenue equal to or more than 10% of the Group's total revenue are as follow:

| | 2022 AUD | 2021 AUD | **Segment** |
|---|---|---|---|
| Customer 1 | 7,250,512 | 3,300,273 | Reparing and servicing |
| Customer 2 | 5,822,828 | - | Consumer products |
| | 13,073,340 | 3,300,273 | |

## 33. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risks (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Financial Risk Management Policies

The Group's policies in respect of the major areas of treasury activity are as follows:

(i) Market Risk

*(i) Foreign Currency Risk*

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than the respective functional currencies of entities within the Group. The currencies giving rise to this risk are primarily United States Dollar ("USD"), Australian Dollar ("AUD"), Ringgit Malaysia ("RM") and Hong Kong Dollar ("HKD"). Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

The Group's exposure to foreign currency risk (a currency which is other than the functional currency of the entities within the Group) based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below:

*Foreign Currency Exposure*

| The Group | United States Dollar AUD | Australian Dollar AUD | Ringgit Malaysia AUD | Total AUD |
|---|---|---|---|---|
| 2022 | | | | |
| Financial Assets | | | | |
| Trade and other receivables | 234,267 | - | 4,001,959 | 4,236,226 |
| Fixed deposits with a licensed bank | - | - | 405,102 | 405,102 |
| Cash and bank balances | - | - | 834,784 | 834,784 |
| | 234,267 | - | 5,241,845 | 5,476,112 |
| Financial Liabilities | | | | |
| Trade and other payables | (382,221) | (19,832) | (1,428,056) | (1,830,109) |
| Borrowings | - | - | (3,329,756) | (3,329,756) |
| Lease liabilities | - | - | (1,081,810) | (1,081,810) |
| Term loans | - | - | (7,048,108) | (7,048,108) |
| Bank overdraft | - | - | (788,798) | (788,798) |
| | (382,221) | (19,832) | (13,676,528) | (14,078,581) |
| Net financial liabilities | (147,954) | (19,832) | (8,434,683) | (8,602,469) |
| Less: Net financial liabilities denominated in the respective entities' functional currencies | 117,155 | 12,042 | 8,425,051 | 8,554,248 |
| Currency exposure | (30,799) | (7,790) | (9,632) | (48,221) |

In the previous financial year, the Group did not have any transactions or balances denominated in foreign currencies and hence, is not exposed to foreign currency risk.

| The Company | Hong Kong Dollar AUD | Australian Dollar AUD | Ringgit Malaysia AUD |
|---|---|---|---|
| 2022 | | | |
| Financial Liabilities | | | |
| Trade and other payables | - | (7,790) | (642,349) |
| 2021 | | | |
| Financial Liabilities | | | |
| Trade and other payables | (53,893) | (4,957) | (565,931) |

Any reasonably possible change in the USD, AUD and HKD exchange rate at the end of the reporting period against the respective functional currencies of the entities within the Group does not have a material impact on the profit after taxation and equity of the Group and of the Company.

A 10% (2021 - 10%) strengthening of the USD/RM at the end of the reporting period would have decreased the Company's profit after taxation and equity by AUD71,000 (2021 - AUD63,000). The analysis is based on the RM exchange rate variance that the Company considered to be reasonably possible at the end of the reporting period and assumes that all other variables remain constant. A 10% (2021 - 10%) weakening in the said foreign currency exchange rate would have had an equal but opposite effect on the Company's profit after taxation and equity. There is no material impact on the Group's profit after taxation and equity.

(ii) *Interest Rate Risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's fixed deposits with licensed banks are carried at amortised cost. Therefore, they are not subject to interest rate risk as defined in IFRS 7 since neither carrying amounts nor the future cash flow will fluctuate because of a change in market interest rates.

The Group's exposure to interest rate risk based on the carrying amounts of financial instruments at the end of the reporting period is disclosed in *Notes 16, 18 and 19* to the financial statements.

An increase of 100 basis points in interest rates of floating rate borrowings at the end of the reporting period would have decreased the Group's profit after taxation by AUD85,000 (2021: AUD16,000). The analysis assumes that all other variables remain constant. A decrease of 100 basis points in the interest rates would have had an equal but opposite effect on the Group's profit after taxation.

*(iii)* *Equity Price Risk*

The Group does not have any quoted investments and hence, is not exposure to equity price risk.

(ii) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

*(i)* *Credit Risk Concentration Profile*

The Group's major concentration of credit risk relates to the amounts owing by 1 (2021 - 3) customers which constituted approximately 13% (2021 - 63%) of its trade receivables at the end of the reporting period.

In addition, the Group also determines the concentration of credit risk by monitoring the geographical region of its trade receivables on an ongoing basis. The credit risk concentration profile of trade receivables at the end of the reporting period is as follows:

| | *Group* | |
|---|---|---|
| | 2022 | 2021 |
| | AUD | AUD |
| Malaysia | 3,056,179 | 915,590 |
| Singapore | 133,369 | - |
| | 3,189,548 | 915,590 |

*(ii)* *Exposure to Credit Risk*

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position of the Group after deducting any allowance for impairment losses (where applicable).

*(iii)* *Assessment of Impairment Losses*

At each reporting date, the Group assesses whether any of the financial assets at amortised cost, contract assets are credit impaired.

The gross carrying amounts of financial assets are written off when there is no reasonable expectation of recovery despite the fact that they are still subject to enforcement activities.

*Trade Receivables and Contract assets*

The Group applies the simplified approach to measuring expected credit losses using a lifetime expected credit loss allowance for its trade receivables. To measure expected credit losses on a collective basis, trade receivables are grouped based on similar credit risk and ageing. The expected loss rates are based on the Group's historical credit losses experienced. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Group's customers. The Group considers any trade receivables having financial difficulty or in default with significant balances outstanding for more than one year are deemed credit impaired and assesses for their risk of loss individually.

The information about the exposure to credit risk and the loss allowances calculated under IFRS 9 for trade receivables are summarised below:

| Group | Gross Amount AUD | Individual Impairment AUD | Collective Impairment AUD | Carrying Amount AUD |
|---|---|---|---|---|
| 2022 | | | | |
| Current (not past due) | 1,536,823 | - | - | 1,536,823 |
| 1 to 30 days past due | 352,448 | - | - | 352,448 |
| 31 to 60 days past due | 252,262 | - | - | 252,262 |
| 61 to 90 days past due | 84,503 | - | - | 84,503 |
| 91 to 365 days past due | 593,669 | - | - | 593,669 |
| More than 365 days past due | 369,843 | - | - | 369,843 |
| | 3,189,548 | - | - | 3,189,548 |
| 2021 | | | | |
| Current (not past due) | 491,685 | - | - | 491,685 |
| 1 to 30 days past due | 101,762 | - | - | 101,762 |
| 31 to 60 days past due | 64,553 | - | - | 64,553 |
| 61 to 90 days past due | 53,929 | - | - | 53,929 |
| 91 to 365 days past due | 176,424 | - | - | 176,424 |
| More than 365 days past due | 27,237 | - | - | 27,237 |
| | 915,590 | - | - | 915,590 |

The information about the exposure to credit risk and the loss allowances calculated under IFRS 9 for contract assets are summarised below:

| Group | Gross Amount AUD | Individual Impairment AUD | Collective Impairment AUD | Carrying Amount AUD |
|---|---|---|---|---|
| 2022 | | | | |
| Current (not past due) | 316,186 | - | - | 316,186 |

*Other Receivables*

The Group applies the 3-stage general approach to measuring expected credit losses for its other receivables. Under this approach, the Group assesses whether there is a significant increase in credit risk on the receivables by comparing their risk of default as at the reporting date with the risk of default as at the date of initial recognition based on available reasonable and supportable forward-looking information. Regardless of the assessment, a significant increase in credit risk is presumed if a receivable is more than 30 days past due in making a contractual payment.

The Group considers a receivable is credit impaired when the receivable is in significant financial difficulty, for instances, the receivable is in breach of financial covenants or insolvent. Receivables that are credit impaired are assessed individually while other receivables are assessed on a collective basis.

The information about the exposure to credit risk and the loss allowances calculated for other receivables are summarised below:

| | Gross Amount AUD | Lifetime Loss Allowance AUD | Carrying Amount AUD |
|---|---|---|---|
| Group | | | |
| 2022 | | | |
| Low credit risk | 1,046,678 | - | 1,046,678 |
| Credit impaired | 42,710 | (42,710) | - |
| | 1,089,388 | (42,710) | 1,046,678 |
| 2021 | | | |
| Low credit risk | 1,624,652 | - | 1,624,652 |
| Company | | | |
| 2022 | | | |
| Credit impaired | 42,710 | (42,710) | - |
| 2021 | | | |
| Credit impaired | 42,710 | (42,710) | - |

*Fixed deposits with a licensed bank, Cash and Bank Balances*

The Group considers these banks and financial institutions have low credit risks. In addition, some of the bank balances are insured by Malaysia Government agencies. Therefore, the Group is of the view that the loss allowance is immaterial and hence, it is not provided for.

(iii) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances.

*Maturity Analysis*

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):

| Group | Carrying Amount AUD | Contractual Undiscounted Cash Flows AUD | Within 1 year AUD | 1 - 5 years AUD | Over 5 years AUD |
|---|---|---|---|---|---|
| 2022 | | | | | |
| Non-derivative Financial Liabilities | | | | | |
| Trade payables | 1,294,767 | 1,294,767 | 1,294,767 | - | - |
| Other payables and accruals | 490,986 | 490,986 | 490,986 | - | - |
| Amount owing to related parties | 12,138 | 12,138 | 12,138 | - | - |
| Amount owing to directors of subsidiaries | 32,218 | 32,218 | 32,218 | - | - |
| Lease liabilities | 1,081,810 | 1,169,079 | 580,733 | 579,141 | 9,205 |
| Borrowings | 3,329,756 | 3,329,756 | 3,329,756 | - | - |
| Term loans | 7,048,108 | 9,669,546 | 988,264 | 3,371,137 | 5,310,145 |
| Bank overdraft | 788,798 | 788,798 | 788,798 | - | - |
| | 14,078,581 | 16,787,288 | 7,517,660 | 3,950,278 | 5,319,350 |
| 2021 | | | | | |
| Non-derivative Financial Liabilities | | | | | |
| Trade payables | 284,257 | 284,257 | 284,257 | - | - |
| Other payables and accruals | 102,530 | 102,530 | 102,530 | - | - |
| Amount owing to directors of subsidiaries | 17,564 | 17,564 | 17,564 | - | - |
| Lease liabilities | 253,639 | 265,342 | 224,452 | 40,890 | - |
| Borrowings | 1,088,413 | 1,096,214 | 1,096,214 | - | - |
| Term loans | 981,680 | 1,403,710 | 227,476 | 751,451 | 424,783 |
| | 2,728,083 | 3,169,617 | 1,952,493 | 792,341 | 424,783 |

| Company | Carrying Amount AUD | Contractual Undiscounted Cash Flows AUD | Within 1 year AUD | 1 - 5 years AUD | Over 5 years AUD |
|---|---|---|---|---|---|
| 2022 | | | | | |
| Non-derivative Financial Liabilities | | | | | |
| Other payables and accruals | 134,481 | 134,481 | 134,481 | - | - |
| Amount owing to related parties | 96 | 96 | 96 | - | - |
| Amount owing to subsidiaries | 632,807 | 632,807 | 632,807 | - | - |
| | 767,384 | 767,384 | 767,384 | - | - |
| 2021 | | | | | |
| Non-derivative Financial Liabilities | | | | | |
| Other payables and accruals | 124,029 | 124,029 | 124,029 | - | - |
| Amount owing to related parties | 306,168 | 306,168 | 306,168 | - | - |
| Amount owing to subsidiaries | 291,691 | 291,691 | 291,691 | - | - |
| | 721,888 | 721,888 | 721,888 | - | - |

(b) Capital Risk Management

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support their businesses and maximise shareholders' value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio that complies with debt covenants and regulatory, if any. The debt-to-equity ratio is calculated as net debt divided by total equity. Net debt is calculated as interest-bearing bank borrowings, trade and other payables less cash and cash equivalents.

The debt-to-equity ratio of the Group as at the end of the reporting period was as follow:

| | 2022<br>AUD | 2021<br>AUD |
|---|---|---|
| Borrowings | 3,329,756 | 1,088,413 |
| Lease liabilities | 1,081,810 | 253,639 |
| Term loans | 7,048,108 | 981,680 |
| Bank overdraft | 788,798 | - |
| | 12,248,472 | 2,323,732 |
| Less: Cash and bank balances | (834,784) | (172,720) |
| Less: Fixed deposits with a licensed bank | (405,102) | - |
| | 11,008,586 | 2,151,012 |
| Total equity | 5,096,454 | 1,693,443 |
| Debt-to-equity ratio | 2.16 | 1.27 |

(c) Classification of Financial Instruments

| | *Group* | | *Company* | |
|---|---|---|---|---|
| | 2022 AUD | 2021 AUD | 2022 AUD | 2021 AUD |
| Financial asset: | | | | |
| Amortised cost | | | | |
| Trade and other receivables | 4,236,226 | 2,540,242 | - | - |
| Fixed deposits with a licensed bank | 405,102 | - | - | - |
| Cash and bank balances | 834,784 | 172,720 | - | - |
| | 5,476,112 | 2,712,962 | - | - |
| Financial liability: | | | | |
| Amortised cost | | | | |
| Trade and other payables | 1,830,109 | 404,351 | 767,384 | 721,888 |
| Borrowings | 3,329,756 | 1,088,413 | - | - |
| Lease liabilities | 1,081,810 | 253,639 | - | - |
| Term loans | 7,048,108 | 981,680 | - | - |
| Bank overdraft | 788,798 | - | - | - |
| | 14,078,581 | 2,728,083 | 767,384 | 721,888 |

(d) Gain or Losses Arising from Financial Instruments

| | 2022 AUD | 2021 AUD |
|---|---|---|
| **Financial Asset** | | |
| Amortised cost | | |
| Net (losses)/gain recognised in profit or loss | (101,644) | 151 |
| **Financial Liability** | | |
| Amortised cost | | |
| Net losses recognised in profit or loss | (692,014) | (150,726) |

(e) Fair Value of Financial Instruments

The fair values of the financial assets and financial liabilities of the Group that maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms.

The following table sets the fair value profile of financial instruments that are not carried at fair value at the end of the financial year:

| | Level 1 AUD | Level 2 AUD | Level 3 AUD | Total fair value AUD | Carrying amount AUD |
|---|---|---|---|---|---|
| 2022 | | | | | |
| Financial Liability | | | | | |
| Term loans | - | 7,048,108 | - | 7,048,108 | 7,048,108 |
| 2021 | | | | | |
| Financial Liability | | | | | |
| Term loans | - | 981,680 | - | 981,680 | 981,680 |

Fair Value of Financial Instruments Not Carried at Fair Value

The fair value of term loans that carry floating interest rates are approximated their carrying amounts as they are repriced to market interest rates on or near the reporting date.

## 34. BASIS OF DISCLAIMER OF OPINION ON THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

(a) Unverified material financial areas

We were unable to obtain sufficient appropriate audit evidence on material financial areas to the Group as at 31 December 2021.

The material financial areas to the Group as at 31 December 2021 are summarised as follows:

| | AUD'000 |
|---|---|
| Current tax assets | 4 |
| Trade payables | 254 |
| Other payables and accruals | 1,340 |
| Current tax liabilities | 323 |
| Cost of sales | 15 |
| Staff costs | 2 |

As a result, we were unable to conclude that the carrying amounts of the balances and transactions as stated above are fairly stated in the previous year's financial statements.

(b) Confirmation - bank balance, term loan and bank overdraft

As at 07 April 2022, we have not received the confirmation replies in relation to the following amounts included in the statements of financial position as at 31 December 2021:

i. the carrying amount of bank balance of the Group of AUD331;
ii. the carrying amount of term loan of the Group of AUD56,836; and
iii. the carrying amount of bank overdraft of the Group of AUD30.

We were unable to satisfy ourselves by alternative means concerning the completeness and existence of these balances. As a result, we were unable to determine whether any adjustments might have been found necessary in the financial statements.

(c) Opening balances

Our independent auditors' report on the financial statements of the Group for the financial year ended 31 December 2020 included a disclaimer of opinion and the matters which gave rise to the modification include matters as explained in the Basis for Disclaimer of Opinion paragraphs in so far as it relates to the financial statements for the financial year ended 31 December 2020. These matters remained unresolved in the previous financial year.

Our opinion on the previous year's financial statements is also modified because of the possible effects of these matters on the comparability of the previous financial year's figures and the corresponding figures.

## 35. COMPARATIVE FIGURES

The comparative figures for the Group were prepared retroactively as a continuation of the financial statements of the accounting acquirer (OMC's financial statements) following the reverse acquisition as disclosed in *Note 4(a)*. Correspondingly, the comparative figures for the Group covered the financial year from 1 January 2021 to 31 December 2021 as this was deemed to be the OMC financial year end as a result of the retroactive application of the reverse acquisition method.