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Form 388
Corporations Act 2001
294, 295, 298-300, 307, 308, 319, 321, 322
Corporations Regulations
1.0.08

Copy of financial statements and reports

Company details

Company name

OMC ELECTRONICS PTY LTD

ACN

168 759 046

Lodgement details

Registered auditor number

528780

Registered auditor name

WIS AUDIT PTY LTD

Reason for lodgement of statement and reports

A large proprietary company that is not a disclosing entity

Dates on which financial year ends

Financial year end date

30-06-2022

Details of large proprietary company

What is the consolidated revenue of the large proprietary company and the entities that it controls?

127175358

What is the value of the consolidated gross assets of the large proprietary company and the entities that it controls?

51052963

How many employees are employed by the large proprietary company and the entities that it controls?

53

How many members does the large proprietary company have?

1

Auditor's report

Were the financial statements audited?

Yes

Is the opinion/conclusion in the report modified? (The opinion/conclusion in the report is qualified, adverse or disclaimed)

No

Does the report contain an Emphasis of Matter and/or Other Matter paragraph?

Yes

Details of current auditor or auditors

Change address

Given names	**ZHIYUAN**
Family name	**LIANG**
Address	**SUITE 801 LEVEL 8 50 MARGARET STREET SYDNEY NSW 2000 Australia**

Certification

I certify that the attached documents are a true copy of the original reports required to be lodged under section 319 of the Corporations Act 2001.

Yes

Signature

Select the capacity in which you are lodging the form

Agent

I certify that the information in this form is true and complete and that I am lodging these reports as, or on behalf of, the company.

Yes

Authentication

This form has been authenticated by

Name WIS AUDIT PTY LTD

This form has been submitted by

Name Zhiyuan LIANG

Date 31-10-2022

For more help or information
Web www.asic.gov.au

Ask a question?	www.asic.gov.au/question
Telephone	1300 300 630

OMC Electronics Pty Ltd

ABN 38 168 759 046

Annual Report - 30 June 2022

OMC Electronics Pty Ltd
Directors' report
30 June 2022

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'company') consisting of OMC Electronics Pty Ltd (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2022.

Directors

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

Yuchen Hou
Chao Duan
Yanfeng Zhao
Yunzhi Lin
Thanh Dai M. Tran

Principal activities

The principal activities of the company during the course of the year were Mobile Phone sales. No significant change in the nature of these activities occurred during the year.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Review of operations

The loss for the company after providing for income tax amounted to $8,206,184 (30 June 2021: $1,213,453).

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the company during the financial year.

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

Likely developments and expected results of operations

Information on likely developments in the operations of the company and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the company.

Environmental regulation

The company is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Auditor's independence declaration

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

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

On behalf of the directors

Yuchen Hou
Director

31 October 2022

Achieving together with wisdom

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Sydney NSW 2000 Australia

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www.wis-au.com

Auditor's Independence Declaration

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of OMC Electronics Pty Ltd.

As lead auditor for the audit of the financial report of OMC Electronics Pty Ltd for the year ended 30 June 2022, I declare that, to the best of my knowledge and belief, during the year ended 30 June 2022, there have been:

(i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of OMC Electronics Pty Ltd during the year ended 30 June 2022.

Wis Audit Pty Ltd

Zhiyuan Liang
Director

Sydney, 31 October 2022

General information

The financial statements cover OMC Electronics Pty Ltd as a company consisting of OMC Electronics Pty Ltd and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is OMC Electronics Pty Ltd's functional and presentation currency.

OMC Electronics Pty Ltd is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 3, 5 Talavera Road
Macquarie Park NSW 2113

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 31 October 2022. The directors have the power to amend and reissue the financial statements.

OMC Electronics Pty Ltd
Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2022

	Note	2022 $	2021 $
Revenue			
Revenue	3	127,175,358	122,705,430
Cost of sales		(108,167,547)	(107,778,428)
Gross profit		19,007,811	14,927,002
Other income	4	51,377	446,122
Foreign exchange gain/(loss)		(6,095,038)	5,298,753
Expenses			
Administrative expense		(1,368,418)	(934,084)
Professional consulting fee		(549,801)	(430,388)
Employee benefits expense		(6,821,911)	(5,094,114)
Marketing and promotion expense		(8,364,757)	(12,060,036)
Depreciation and amortisation expense		(891,262)	(490,628)
Repairing expense		(2,012,945)	(1,863,439)
Rent and utilities		(244,591)	(293,353)
Finance costs		(64,953)	(30,884)
Other expense		(851,696)	(688,404)
Loss before income tax expense		(8,206,184)	(1,213,453)
Income tax expense	5	-	-
Loss after income tax expense for the year		(8,206,184)	(1,213,453)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		(8,206,184)	(1,213,453)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

OMC Electronics Pty Ltd
Consolidated statement of financial position
As at 30 June 2022

	Note	2022 $	2021 $
Assets			
Current assets			
Cash and cash equivalents	6	7,436,791	6,214,326
Trade and other receivables	7	25,205,350	20,882,378
Inventories	8	11,899,827	11,697,862
Other assets	11	632,254	533,067
Total current assets		45,174,222	39,327,633
Non-current assets			
Trade and other receivables	7	2,146,245	7,614,085
Property, plant and equipment	9	740,124	875,626
Right-of-use assets	10	1,314,786	852,041
Other assets	11	1,677,586	1,837,923
Total non-current assets		5,878,741	11,179,675
Total assets		51,052,963	50,507,308
Liabilities			
Current liabilities			
Trade and other payables	12	66,670,448	46,136,304
Borrowings	13	30,498,808	42,926,946
Lease liabilities	14	830,448	376,351
Employee benefits	15	470,251	350,667
Total current liabilities		98,469,955	89,790,268
Non-current liabilities			
Lease liabilities	14	545,969	512,348
Employee benefits	15	84,241	45,710
Total non-current liabilities		630,210	558,058
Total liabilities		99,100,165	90,348,326
Net liabilities		(48,047,202)	(39,841,018)
Equity			
Issued capital	16	100	100
Accumulated losses		(48,047,302)	(39,841,118)
Total deficiency in equity		(48,047,202)	(39,841,018)

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

OMC Electronics Pty Ltd
Consolidated statement of changes in equity
For the year ended 30 June 2022

	Issued capital $	Retained profits $	Total deficiency in equity $
Balance at 1 July 2020	100	(38,627,665)	(38,627,565)
Loss after income tax expense for the year	-	(1,213,453)	(1,213,453)
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	(1,213,453)	(1,213,453)
Balance at 30 June 2021	100	(39,841,118)	(39,841,018)

	Issued capital $	Retained profits $	Total deficiency in equity $
Balance at 1 July 2021	100	(39,841,118)	(39,841,018)
Loss after income tax expense for the year	-	(8,206,184)	(8,206,184)
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	(8,206,184)	(8,206,184)
Balance at 30 June 2022	100	(48,047,302)	(48,047,202)

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

OMC Electronics Pty Ltd
Consolidated statement of cash flows
For the year ended 30 June 2022

	Note	2022 $	2021 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		134,329,541	151,956,678
Payments to suppliers (inclusive of GST)		(122,532,301)	(163,363,918)
Receipts of government grant		13,906	408,517
Interest received		11,341	36,928
Net cash from/(used in) operating activities		11,822,487	(10,961,795)
Cash flows from investing activities			
Payments for property, plant and equipment	9	(130,703)	(669,055)
Loan to related parties		-	(4,849,709)
Repayment from a related party		5,467,840	5,570,076
Net cash from investing activities		5,337,137	51,312
Cash flows from financing activities			
Proceeds from borrowings		-	13,314,000
Repayment of borrowings		(13,314,000)	-
Repayment to shareholder		(1,544,424)	(657,590)
Repayment of lease liabilities		(1,078,735)	(405,455)
Net cash from/(used in) financing activities		(15,937,159)	12,250,955
Net increase in cash and cash equivalents		1,222,465	1,340,472
Cash and cash equivalents at the beginning of the financial year		6,214,326	4,873,854
Cash and cash equivalents at the end of the financial year	6	7,436,791	6,214,326

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Significant accounting policies

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

New or amended Accounting Standards and Interpretations adopted

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

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

Basis of preparation

These consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards – Simplified Disclosures made by the Australian Accounting Standards Board and the Corporations Act 2001.

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

Going concern

The company incurred a net loss of $8,206,184 during the year ended on 30 June 2022 (2021: net loss of $1,213,453) and carried a net liability of $48,047,202 on that date (2021: net liability of $39,841,018). Directors has assessed the situation and considered that the company will be able to continue as a going concern based on the following:

- The shareholder of the company's parent company (OCPA Holdings Pty Ltd) confirmed that they will subordinate the amount owing from OMC Electronics Pty Ltd in favour of the other creditors and will provide necessary financial support to OMC Electronics Pty Ltd to ensure its ability to pay-off the debt when they fall due.
- The company will control the budget of marketing and promotion expenditure in the next 12 months while the sales is still expected to increase gradually.

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

Revenue recognition

The company recognises revenue as follows:

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

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

Note 1. Significant accounting policies (continued)

Sale of goods
The company sells a range of mobile handsets. Sales are recognised when control of the products has transferred, being when the products are delivered to customers, there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customers, and either the customer has accepted the products in accordance with the sales contract or the company has objective evidence that all criteria for acceptance have been satisfied.

Revenue from these sales is recognised based on the price specified in the contract, net of the estimated volume discounts and customer return. A provision for potential rebate and return (included in trade and other payables) is recognised for expected volume discounts payable to customers in relation to sales made until the end of the reporting period.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

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

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

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

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:
- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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

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

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

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

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

Note 1. Significant accounting policies (continued)

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

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

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

Trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 60 days.

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

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

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

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

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

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

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

Leasehold improvements	10-20 years
Fixtures and fittings	3-7 years
Motor vehicle	4 years
Electronic equipment	3-4 years
Office equipment	3-5 years

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

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

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

Note 1. Significant accounting policies (continued)

Right-of-use assets
A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the company expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The company has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Impairment of non-financial assets
Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

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

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

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

Lease liabilities
A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Finance costs
Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Note 1. Significant accounting policies (continued)

Employee benefits

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

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

Issued capital
Ordinary shares are classified as equity.

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

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

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

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

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

Note 2. Critical accounting judgements, estimates and assumptions

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

Income tax
The company is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The company recognises liabilities for anticipated tax audit issues based on the company's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Note 2. Critical accounting judgements, estimates and assumptions (continued)

Recovery of deferred tax assets
Deferred tax assets are recognised for deductible temporary differences only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses. As at 30 June 2022, no deferred tax assets were recognised as management is uncertain about the timing of recovering the tax losses and other temporary difference. Management reviews the position at the end of each year-end and make appropriate adjustment when necessary.

Note 3. Revenue

Disaggregation of revenue
The disaggregation of revenue from contracts with customers is as follows:

	2022 $	2021 $
Major product lines		
Sales of mobile handset and accessory	127,086,960	165,097,418
Sales of smart home device	88,398	48,492
	127,175,358	165,145,910
Geographical regions		
Australia	127,175,358	165,145,910
Timing of revenue recognition		
Goods transferred at a point in time	127,175,358	165,145,910

Note 4. Other income

	2022 $	2021 $
Government grants	13,906	408,517
Insurance recoveries	26,130	623
Interest income	11,341	36,982
Other income	51,377	446,122

Note 5. Income tax benefit

	2022 $	2021 $
Tax losses not recognised		
Unused tax losses for which no deferred tax asset has been recognised	41,934,794	36,922,190
Potential tax benefit @ 30%	12,580,438	11,076,657

The above potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed.

Note 5. Income tax benefit (continued)

	2022 $	2021 $
Deferred tax assets not recognised		
Deferred tax assets not recognised comprises temporary differences attributable to:		
Employee benefits	166,348	75,316
Leases	18,489	10,997
Unrealised foreign exchange loss	1,595,426	326,034
Provision for inventory impairment	-	(29,189)
Total deferred tax assets not recognised	1,780,263	383,158

The above potential tax benefit, which excludes tax losses, for deductible temporary differences has not been recognised in the statement of financial position as the recovery of this benefit is uncertain.

Note 6. Cash and cash equivalents

	2022 $	2021 $
Current assets		
Cash at bank	7,436,791	6,214,326

Note 7. Trade and other receivables

	2022 $	2021 $
Current assets		
Trade receivables	25,159,116	20,816,605
Other receivables	17,870	37,409
Interest receivable from OPPO Administration Pty Ltd	28,364	28,364
	25,205,350	20,882,378
Non-current assets		
Other receivable from OPPO Administration Pty Ltd	-	384,769
Other receivable from OCPA Electronics Pty Ltd	2,146,245	7,229,316
	2,146,245	7,614,085
	27,351,595	28,496,463

The loan to OPPO Admin of principal amount of $384,769 was fully repaid during the year.

The loan to OCPA Electronics Pty Ltd is unsecured loan of the principal amount of AUD equivalent of $2,146,246 with zero interest rate. The purpose of this loan is to help OCPA Electronics to overcome the shortage of working capital.

Note 8. Inventories

	2022 $	2021 $
Current assets		
Stock in transit - at cost	327,939	351,371
Handsets	8,691,727	9,041,209
Accessories	2,979,884	2,405,005
Less: provision for inventory	(99,723)	(99,723)
	11,899,827	11,697,862

Note 9. Property, plant and equipment

	2022 $	2021 $
Non-current assets		
Leasehold improvements - at cost	543,914	631,549
Less: Accumulated depreciation	(179,636)	(190,399)
	364,278	441,150
Fixtures and fittings - at cost	55,924	56,995
Less: Accumulated depreciation	(19,453)	(15,684)
	36,471	41,311
Motor vehicles - at cost	341,935	341,935
Less: Accumulated depreciation	(127,365)	(55,841)
	214,570	286,094
Electronic equipment - at cost	205,465	176,335
Less: Accumulated depreciation	(93,005)	(83,009)
	112,460	93,326
Office equipment - at cost	20,601	20,601
Less: Accumulated depreciation	(8,256)	(6,856)
	12,345	13,745
	740,124	875,626

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

	Leasehold improvement $	Fixture and Fitting $	Motor Vehicle $	Electronic Equipment $	Office Equipment $	Total $
Balance at 1 July 2021	441,150	41,311	286,094	93,326	13,745	875,626
Additions	72,389	-	-	58,314	-	130,703
Write off of assets	(122,442)	(609)	-	(7,015)	-	(130,066)
Depreciation expense	(26,819)	(4,231)	(71,524)	(32,166)	(1,399)	(136,139)
Balance at 30 June 2022	364,278	36,471	214,570	112,459	12,346	740,124

Note 10. Right-of-use assets

	2022 $	2021 $
Non-current assets		
Right of Use Assets - 15 Talavera Road	-	406,256
Less: Accumulated depreciation	-	(336,212)
	-	70,044
Right of Use Assets - VIC Repair Center	423,335	423,335
Less: Accumulated depreciation	(295,923)	(197,282)
	127,412	226,053
Right of Use Assets - 5 Talavera Road (Warehouse)	677,557	677,557
Less: Accumulated depreciation	(330,092)	(121,613)
	347,465	555,944
Right of Use Assets - 5 Talavera Road (Office)	1,217,868	-
Less: Accumulated depreciation	(377,959)	-
	839,909	-
	1,314,786	852,041

As at 1 October 2021, the company recognised right of use assets with an aggregate of $1,217,868 for the lease of the warehouse at Part Level 3, 5 Talavera Road, Macquarie Park, NSW, as a result of entering into new lease.

The company leases buildings for its offices and warehouses under agreements of between two to five years with no options to extend. The leases have fixed indexation increase clauses. The premises rented by the company are follows:

- Part Level 11, South Tower, 459 Collins Street, Melbourne, VIC

- Unit 4A, Building B, The Park, 5 Talavera Road, Macquarie Park, NSW

- Part Level 3, 5 Talavera Road, Macquarie Park, NSW

- Suite 2 Level 5, 15 Talavera Road, Macquarie Park, NSW (expired during the current year)

Note 11. Other assets

	2022 $	2021 $
Current assets		
Prepayments	376,254	277,067
Deposit held with Western Union Business Solution	256,000	256,000
	632,254	533,067
Non-current assets		
Bank guarantee for lease	1,677,586	1,837,923
	2,309,840	2,370,990

Note 12. Trade and other payables

	2022 $	2021 $
Current liabilities		
Trade payables	62,575,797	40,587,164
PAYG withholding payable	141,548	85,876
Superannuation payable	144,411	98,993
Accrued rebates/Discounts	1,889,882	2,862,091
Accrued marketing expense	1,231,483	1,549,217
GST payable	676,514	941,204
Other payables	10,813	11,759
	66,670,448	46,136,304

Note 13. Borrowings

	2022 $	2021 $
Current liabilities		
Loan from Long Shining Development Ltd	-	13,314,000
Loan from OCPA Holdings Pty Ltd (USD)	28,698,808	27,812,946
Loan from OCPA Holdings Pty Ltd (AUD)	1,800,000	1,800,000
	30,498,808	42,926,946

The loans borrowed from shareholders and directors are unsecured and interest free.

As at 17 February 2021, the company has entered the new loan agreement with external supplier, Long Shining Development Limited. This loan is unsecured and interest free. The total principal amount of US$25,000,000 will be repaid in 6 months. During the year, the company has fully repaid the loan.

Note 14. Lease liabilities

	2022 $	2021 $
Current liabilities		
Lease liability - 15 Talavera Rd	-	75,091
Lease liability - VIC Repair Center	111,211	101,622
Lease liability - 5 Talavera Rd (Warehouse)	215,153	199,638
Lease liability - 5 Talavera Rd (Office)	504,084	-
	830,448	376,351
Non-current liabilities		
Lease liability - VIC Repair Center	33,746	144,956
Lease liability - 5 Talavera Rd (Warehouse)	152,239	367,392
Lease liability - 5 Talavera Rd (Office)	359,984	-
	545,969	512,348
	1,376,417	888,699

Future lease payments
Future lease payments are due as follows:

	2022 $	2021 $
Within one year	864,772	401,323
One to five years	551,650	526,763
	1,416,422	928,086

Note 15. Employee benefits

	2022 $	2021 $
Current liabilities		
Annual leave	470,251	350,667
Non-current liabilities		
Long service leave	84,241	45,710
	554,492	396,377

Note 16. Issued capital

	2022 Shares	2021 Shares	2022 $	2021 $
Ordinary shares - fully paid	100	100	100	100

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

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

Note 17. Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Note 18. Key management personnel disclosures

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

	2022 $	2021 $
Aggregate compensation	848,477	827,720

Note 19. Related party transactions

Key management personnel
Disclosures relating to key management personnel are set out in note 18.

Transactions with related parties
The following transactions occurred with related parties:

	2022 $	2021 $
Sale of goods and services:		
OPPO Administration Pty Ltd	504,135	162,341
OMC Electronic NZ Limited	136,616	179,436
Konec Home Pty Ltd	160	39,682
Konec Solution Pty Ltd	420,275	8,810
Other charges to related party:		
OPPO Administration Pty Ltd	-	35,255
Loan proceeds from/(Loan lend to) related parties:		
(Loan lend to) / repayment from OPPO Administration Pty Ltd	384,769	(357,000)
(Loan lend to) / repayment from OCPA Electronics Pty Ltd	5,083,071	1,362,448
Other charges from related party:		
OPPO Administration Pty Ltd	208,261	1,055,394
OMC Electronics NZ Limited	187	48,166
Konec Solution Pty Ltd	1,186	-

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	2022 $	2021 $
Current receivables:		
Trade receivables from OPPO Administration Pty Ltd	281,183	-
Trade receivables from OMC Electronic NZ Ltd	-	114,361
Trade receivable from OCPA Electronics Pty Ltd	379	5,333
Trade receivables from Konec Home Pty Ltd	-	15,790

Note 19. Related party transactions (continued)

The following balances are outstanding at the reporting date in relation to loans with related parties:

	2022 $	2021 $
Non-current receivables:		
Loan to OPPO Administration Pty Ltd	-	384,769
Loan to OCPA Electronics Pty Ltd	2,146,245	7,229,316
Non-current loan payable:		
Loan from Harmony Unity Pty Ltd	30,498,808	28,043,682

Note 20. Events after the reporting period

No matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

OMC Electronics Pty Ltd
Directors' declaration
30 June 2022

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Australian Accounting Standards - Simplified Disclosures, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes give a true and fair view of the company's financial position as at 30 June 2022 and of its performance for the financial year ended on that date; and

- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

Yuchen Hou
Director

31 October 2022

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Independent Audit Report to the members of OMC Electronics Pty Ltd

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of OMC Electronics Pty Ltd (the Company), which comprises the statement of financial position as at 30 June 2022, statement of profit or loss and other comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Company's financial position as at 30 June 2022 and of its performance for the year then ended; and
- complying with Australian Accounting Standards - Simplified Disclosure and the *Corporation Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Consolidated Entity in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates that the Company incurred a net loss of $8,206,184 during the year ended 30 June 2022 and, as of that date, the Company's liabilities exceeded its total assets by $48,047,202. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Simplified Disclosure and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Company 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 Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, the auditor exercises professional judgement and maintains professional scepticism throughout the audit. The auditor also:

- Identifies and assesses the risks of material misstatement of the financial report, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence that is sufficient and appropriate to provide a basis for the auditor's 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.

- Obtains 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 entity's internal control.

- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by those charged with governance.

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- Concludes on the appropriateness of those charged with governance's 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 entity's ability to continue as a going concern. If the auditor concludes that a material uncertainty exists, the auditor is required to draw attention in the auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify the auditor's opinion. The auditor's conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.

- Evaluates the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance 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.

Wis Audit Pty Ltd (AAC No. 528780)

Zhiyuan Liang

Director
Sydney, 31 October 2022