AdvanceTC Limited

ACN 600 238 444

Annual Financial Report

For the Period Ended 31 December 2014

AdvanceTC Limited

ACN 600 238 444

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31 December 2014

Directors
Loi Cheng Pheng
Lee Gim Keong
Loi Yeow Koon, Jonathan
Cho Chee Tuck
Cho Chee Seng
Tan Keng Yaw, William

Company Secretary
Elissa Hansen

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SYDNEY NSW 2000
Australia

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Share Registry
Boardroom Pty Ltd
Level 7, 207 Kent Street
Sydney NSW 2000
Australia

Solicitors
GRT Lawyers
Level 1, 400 Queen Street
Brisbane QLD 4000
Australia

Bankers
Hong Leong Bank Bhd
Level 1 Wisma Hong Leong,
No. 18, Jalan Perak,
50450 Kuala Lumpur, Malaysia

Standard Chartered Bank
2-1, 2-2, 2-3, 2-3A, 2A-1
Jalan PJU 5/17 Dataran Sunway
Kota Damansara
47800 Petaling Jaya, Malaysia

Auditors
BDO Audit Pty Limited
Level 10, 12 Creek Street
Brisbane QLD 4000
Australia

AdvanceTC Limited shares are listed on the National Stock Exchange of Australia

Chairman's Report

31 December 2014

Dear Shareholder

2015 will be an exciting and challenging year for the company.

We have successfully listed our company at the NSX Stock Exchange. For the first time, we will be able to issue new shares and be in the position to access and tap public funding. Twice in our product development history we suffered disappointments to bring our product innovations to the market due to inadequate fund. We now have the right platform to raise our target fund. Our past experiences will provide us the foundation/resolve to ensure we will not make the same mistake again.

The challenge to a technology company is to maintain your technology relevance and to commercialize your innovative products in a timely manner. One thing we never lack is our creative and product innovation ideas. This time our technology targets the huge expanding powerful smart phone device market. The ever increasing popularity and demand for ANDROID and IPHONE smart phone devices show the trend forward. The market is realizing these powerful smart phone devices cannot replace their laptops for their business use on the go. The resurging PC shipments over the past years reflect this realization. Yet the new digital mobile lifestyle demands such a device . This is our target market. This is where MAGIC X and MAGIC QUAD, our new mobile lifestyle innovation products will bring to the market. We will fill an important market niche. Our products will drive the market.

To raise our target fund is our main challenge this year. Given our past resolve, experiences , excellent product innovations and now that we have the correct platform to access public fund, we will work hard and I have no doubt we will finally achieve success.

Your sincerely,

CP Loi
Chairman
14 April 2015

Directors' Report
For the Period Ended 31 December 2014

The directors present their report, together with the financial statements of the Group, being AdvanceTC Limited (the Company) and its controlled entities, for the financial period ended 31 December 2014.

1. General information

Information on directors

The names, qualifications, experience and special responsibilities of each person who has been a director during the period and to the date of this report are:

Cheng Pheng LOI	Executive Chairman, appointed 20 June 2014.
Qualifications	Mr Loi holds a Bachelor of Economics, majoring in Business Administration from the University of Malaya.
Experience	Mr Loi is one of the founding members of the Company since its inception in 2005. He has more than 30 years of experiences in sales & marketing and business dealing in the telecommunication sector. Mr Loi was one of the pioneers to start the VoIP business in Malaysia.
Interest in shares and options	Shares: 79,040,000 fully paid ordinary shares.
Special responsibilities	Mr Loi holds the position of Chief Executive Officer of the Company.
Other current directorships in listed entities	None
Other directorships in listed entities held in the previous three years	China Media Group (listed on NASDAQ; resigned 30 June 2012)

Gim Keong LEE	Executive Director, appointed 14 July 2014.
Qualifications	Mr Lee holds in-house matsushita certifications
Experience	Mr Lee has more than 29 years of operation experience , involving factory operations, particularly in Procurement, Quality Control, Cost Control and Manufacturing. He is a co-inventor of the Company's Core Technology patent. Mr Lee worked with Panasonic Group Malaysia for 21 years and was the Chairman / Vice Chairman of various sub-groups. Mr Lee is a regular Invited Guest Speaker on Safety in Work Places for the Malaysian National Institute of Occupational, Safety and Health organisation (NIOSH).
Interest in shares and options	Shares: 3,280,000 fully paid ordinary shares.
Special responsibilities	Mr Lee holds the position of Chief Operations Officer of the Company. He oversees operations and management in the Research and Development, Manufacturing, Procurement and Marketing unit of the Company.
Other current directorships in listed entities	None
Other directorships in listed entities held in the previous three years	None

Directors' Report
For the Period Ended 31 December 2014

Information on directors continued

Yeow Koon, Jonathan LOI	Executive Director, appointed 14 July 2014.
Qualifications	Mr Loi holds a diploma in Computing and Information Technology from Asia Pacific Institute of Information Technology.
Experience	Mr Loi is one of the founding members of the Company, and the author and co-inventor of the Company's Core Technology patent. Mr Loi has extensive knowledge and experience in hardware and software user interfaces, user experience and firewall systems. His other experiences include developing customized firewall software and consulting for software companies.
Interest in shares and options	Shares: 76,349,840 fully paid ordinary shares.
Special responsibilities	Mr Loi holds the position of Chief Technology Officer of the Company.
Other current directorships in listed entities	None
Other directorships in listed entities held in the previous three years	None

Chee Tuck CHO	Independent Non-executive Director, appointed 14 July 2014.
Qualifications	Mr Cho holds an IDPM Higher Diploma (UK), Systematic Higher Diploma and NCC Diploma (UK) in Computing Computer Studies. He is also an associate member of the Institute of the Management of Information System.
Experience	Mr Cho was a Senior Executive in the Finance IT division with Sime Darby Plantation Sdn Bhd, managing bio-metric solutions and Weighbridge security-based user authentication system project. Prior to that, he was a Senior System Analyst with Kumplulan Guthrie Berhad.
Interest in shares and options	Shares: 2,455,960 fully paid ordinary shares.
Other current directorships in listed entities	None
Other directorships in listed entities held in the previous three years	None

Chee Seng CHO	Independent Non-executive Director, appointed 20 June 2014.
Qualifications	Mr Cho holds a Technician Diploma in Mechanical Engineering from Singapore Polytechnic.
Experience	Mr Cho is an engineer by profession with more than 22 years of experience in the engineering field especially in the oil and gas sector. He was a deputy manager, project manager, and senior project engineer for various companies in design and building facilities for oil, gas and mining industries.
Interest in shares and options	700,000 fully paid ordinary shares
Other current directorships in listed entities	None
Other directorships in listed entities held in the previous three years	None

Directors' Report
For the Period Ended 31 December 2014

Information on directors continued

Keng Yaw, William TAN	Independent Non-executive Director, appointed 20 June 2014.
Qualifications	Mr Tan holds a Bachelor of Commerce from University of New South Wales. He is an associated member of the Australian Institute of chartered accountant.
Experience	Mr Tan has been in Chartered Accounting practice for 25 years. He was a legal representative of an Australian company Signav Pty Ltd in China for liaison with its agent and manufacturer. Mr Tan was also a consultant to Hokay Fitness and Ice Group in Beijing which operated the biggest chain of fitness clubs and recreational ice rinks in China.
Interest in shares and options	Nil
Other current directorships in listed entities	None
Other directorships in listed entities held in the previous three years	None

Directors have been in office since the start of the financial period to the date of this report unless otherwise stated.

As at the date of this report, the interests of the directors in the shares of AdvanceTC Limited were:

	Number of Ordinary Shares
CP Loi	79,040,000
JYK Loi	76,349,840
GK Lee	3,280,000
CT Cho	2,455,960
CS Cho	700,000
WKY Tan	-

Principal activities and significant changes in nature of activities

The principal activities of the Group during the financial period were to act as a holding company for AdvanceTC Sdn Bhd, a company incorporated and having its principal place of business in Malaysia. AdvanceTC Sdn Bhd owns 82.4% of Advance Tech Communications Sdn Bhd, a company also incorporated in Malaysia, which is the group's operating entity and specialises in the design, development and commercialisation of high tech mobile wireless computing and telecommunication devices. It is the creator of the MAGIC™ brand of mobile computing devices and operates development facilities in Malaysia.

The following significant changes in the nature of the principal activities occurred during the financial period:

- On 7 July 2014 the Company acquired 100% of the issued capital of AdvanceTC Sdn Bhd. Through acquiring 100% of the issued capital, the Company has obtained control of AdvanceTC Sdn Bhd.

AdvanceTC Limited has a year-end of 31 December.

There were no other significant changes in the nature of the Group's principal activities during the financial period.

2. Operating results and review of operations for the year

Operating results

The consolidated loss of the Group amounted to MYR 2,971,027, after providing for income tax. This represented a 1,631% decrease on the results reported for the year ended 30 June 2013. The significant drop in profit was largely from the finance of an increased advertising and promotion budget to build the market franchise.

Review of operations

We achieved a substantial improved sales revenues of MYR 7,166,312. This is contributed by the successful commercialization of MAGIC ZLATE (an ultra portable dual PC/TABLET device) and its sales during the period.

The new product targets the huge consumer portable PC market. The product has been designed to be extremely price competitive versus competitive products in this market category. But we are new brand in the market. We will need to invest in advertising and promotion to build our brand. This has contributed to increased advertising expenditures and resulted in a loss for the period of MYR 2,971,027.

Due to our new brand status and at this stage, we found it is more effective to target direct consumer market sales and then seek/build channel sales support. Therefore our current sales and advertising efforts are focused accordingly. And due to our financial constraint for the time being we are focusing on our own home market in Malaysia. We will use the same model to roll out our international sales campaigns.

- We have started to spend on a school board advertising campaign. Our strategy is low cost, broad reach, long term and reach our target market which is aiming at schools/universities and colleges/corporate/government entities.

- We provide HP finance to our target direct users. This is done through our business partners ORIX LEASING, a Japanese company based here locally. The scheme will provide 2 to 3 years repayment scheme to business corporation, government agencies, schools and universities user members who buy our product. The interest rate is lower than current bank lending rate.

- We work with government and university co-operatives to target their members/users. We are finalizing a sales contract with UITM coop to target their members/users and through them we will out- reach to target sales to all the major co-op nationwide.

- We work with the MINISTRY OF EDUCATION at the federal level to bid for the tender to supply our products to all schools nation-wide. This is a RM$9 billion contract over 9 years supply.

MAGIC ZLATE will provide us interim sales and revenues support. Our primary focus is to secure finance in order to commercialize our core technology products: MAGIC X and MAGIC QUAD and their related new products.

The world has moved fast track to a dynamic mobile lifestyle demanding powerful smart phone devices that can quick access the INTERNET and phone for entertainment and business on the go. ANDROID and IPHONE OS smart phone devices have completely dominated this market segment. In response to the growing market demand, these smart phones have also become increasingly powerful computing devices. There is now a growing realization these powerful smart phones cannot truly replace the office laptops for business use on the go. The market demands a true convergent device that can be a powerful smart phone as well as a complete replacement for the office laptop.

We own the patentable technology that will enable us design the ultimate true convergent device: A truly powerful smart phone with true uncompromising computing capability in one combined smart phone device. MAGIC X and MAGIC QUAD are our next generation true convergent devices. They will finally provide the alternative to the increasing global demand for such a device. They will drive our market and take us to the global stage.

2. Operating results and review of operations for the year continued

Financial Status

This is a start up company. We have listed our company to secure the target fund in order to finance the commercialization for our technology. While we work to secure the target fund and until the fund becomes available, the major share holders will support the operations and will provide the bridging finance in the interim.

The good news is the company has secured a financial commitment from a HONG KONG based fund management company which has committed equity fund of A$6.5million for the project. This fund is scheduled to bank into the company within the next two weeks. The funds will be paid to the vendors who will in return offer a long term, interest free loan to the company.

The company was compliance listed on September 5, it is now able to issue new shares to raise public fund. The company will draw up a definite treasury program to secure the target fund. We plan to issue 45,000,000 new shares as part of the overall treasury planning to raise our target fund. The new shares will dilute our current share holdings and our near term EPS. But they will provide the foundation for us to ensure our financial success for our project and will substantially enhance EPS in the future.

We will make sure the target fund we raise will be adequate to complete the commercial units for our innovative products MAGIC X and MAGIC QUAD and support continued R&D for new product developments. And, we will make sure we will raise adequate fund to fully support their commercialization.

A significant part of the target fund we raise will be used to register our product PATENT/IP in key host countries. At the moment we have only registered our product PATENT/IP in Malaysia. We will also file new PATENTS in the course of our development works to complete our new innovative products.

We aim to raise our target fund within the time frame of 60 to 90 days that will enable us complete our innovative products for commercial launch within 2015/early 2016.

Our innovation products will drive the market and help us build a true global company and ensure our financial success. The only risk to the company and the project is we are unable to raise the target fund in a timely manner or we are unable to raise the adequate amount we need to ensure financial success.

3. Financial review

Financial position

The net assets of the Group have increased by MYR 5,433,993 from 30 June 2013 to MYR 5,558,047 at 31 December 2014. This increase is largely due to the following factors:

- the issue of 300,317,450 ordinary shares of the Company, consideration being the issued capital of Advance Tech Communications Sdn Bhd;
- consolidated loss of the Group for MYR 2,971,027;

4. Other items

Significant changes in state of affairs

The following significant changes in the state of affairs of the parent entity occurred during the financial period:

On 7 July 2014 the Company acquired 100% of the issued capital of AdvanceTC Sdn Bhd, a company incorporated and having its principal place of business in Malaysia. Advance TC Sdn Bhd owns 82.4% of Advance Tech Communications Sdn Bhd, a company also incorporated in Malaysia, which is the group's operating entity. Through

Directors' Report
For the Period Ended 31 December 2014

4. Other items continued

Significant changes in state of affairs continued
acquiring 100% of the issued capital, the Company has obtained control of AdvanceTC Sdn Bhd.

Dividends paid or recommended

No dividends have been paid or recommended during the financial period.

Events after the reporting date

No matters or circumstances have arisen since the end of the financial period which significantly affected or could significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

Future developments and results

Likely developments in the operations of the Group and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Group.

Environmental issues

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

Company secretary

The following person held the position of Company secretary at the end of the financial period:

Elissa Hansen has been the company secretary sinceincorporation in June 2014. Elissa is a Chartered Secretary with over fifteen years' experience advising management and boards of ASX listed companies on governance, investor relations and other corporate issues.
She is a director of several unlisted companies and has extensive company secretarial experience, acting as Company Secretary for a number of public, ASX listed and private companies. Elissa is an associate member of the Governance Institute of Australia and Graduate Member of the Australian Institute of Company Directors. She holds a Bachelor of Commerce and a Graduate Diploma in Applied Corporate Governance.

Directors' Report
For the Period Ended 31 December 2014

Meetings of directors

During the financial period, two meetings of directors were held. Attendances by each director during the period were as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
Cheng Pheng LOI	2	2
Gim Keong LEE	1	1
Yeow Koon, Jonathan LOI	1	1
Chee Tuck CHO	1	1
Chee Seng CHO	2	2
Keng Yaw, William TAN	2	2

Indemnification and insurance of officers and auditors

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

Options

At the date of this report, there are no unissued ordinary shares of AdvanceTC Limited under option.

During the period ended 31 December 2014, no ordinary shares of AdvanceTC Limited were issued on the exercise of options granted.

Proceedings on behalf of company

As at the date of this Report, no person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not party to any such proceedings during the year.

Non-audit services

The external auditor did not provide any non-audit services during the period ended 31 December 2014.

There were no fees paid or payable to the external auditors for non-audit services provided during the period ended 31 December 2014.

Auditor's independence declaration

The auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001* for the period ended 31 December 2014 has been received and can be found on page 23 of the financial report.

Remuneration report (audited)

Remuneration policy

The remuneration policy of AdvanceTC Limited has been designed to align key management personnel (KMP) objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the Group's financial results. The Board of AdvanceTC Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best key management personnel to run and manage the Group, as well as create goal congruence between directors, executives and shareholders.

The Board's policy for determining the nature and amount of remuneration for key management personnel of the Group is as follows:

- The remuneration policy has been developed and approved by the Board.
- All key management personnel receive a base salary.
- A Remuneration Committee will be formed which will review key management personnel packages annually by reference to the Group's performance, executive performance and comparable information from industry sectors.

Upon retirement, key management personnel are paid employee benefit entitlements accrued to the date of retirement. Key management personnel are paid a percentage of between 5-10% of their salary in the event of redundancy. Any options not exercised before or on the date of termination will lapse.

All remuneration paid to key management personnel is valued at the cost to the Group and expensed.

Relationship between remuneration policy and company performance

As the Company is in start up phase, remuneration is not linked to company performance. This will be reviewed going forward.

Employment details of members of key management personnel

The following table provides employment details of persons who were, during the financial period, members of key management personnel of the Group. The KMPs were paid base salaries and no performance based remuneration was paid during the period.

Key management personnel	Position
Cheng Pheng LOI	Chief Executive Officer
Gim Keong LEE	Chief Operating Officer
Yeow Koon, Jonathan LOI	Chief Technology Officer
Chee Tuck CHO	Non-Executive Director
Chee Seng CHO	Non-Executive Director
Keng Yaw, William TAN	Non-Executive Director
Chee Yong Foo	Chief Financial Officer

Service Agreements

On appointment to the Board, all non-executive directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the Board policies and terms, including remuneration, relevant to the office of director.

Remuneration report (audited) continued

Service Agreements continued

All service agreements are for a specific period. The agreements for executives (other than the Chief Executive Officer, Chief Operating Officer and Chief Technology Officer which require three months notice) may be terminated by giving eight weeks notice (except in cases of termination for cause where termination is immediate).

In cases of resignation, no separation payment is made to the executive, except for amounts due and payable up to the date of ceasing employment, including accrued leave entitlements.

Subsequent to the service agreements with the Chief Executive Officer (CEO), Chief Operating Officer (COO) and Chief Technology Officer (CTO), the Company entered into a Financial Services Agreement with a director related entity (which manufactures the Company's products) in respect of certain expenses which are to be borne by the two entities. Under this Agreement dated 31 October 2013, the remuneration costs of the CEO, COO and CTO were to be borne on a 50:50 basis between the two entities. The respective remuneration packages are summarised as follows.

The CEO's contract allows for an annual salary of MYR 300,000. During the 18 month period ended 31 December 2014, he was entitled to MYR 450,000. AdvanceTC Limited paid 50% of the amount, being MYR 225,000.

The COO's contract allows for an annual salary of MYR 168,000. During the 18 month period ended 31 December 2014, he was entitled to MYR 252,000. AdvanceTC Limited paid 50% of the amount, being MYR 126,000.

The CTO's contract allows for an annual salary of MYR 168,000. During the 18 month period ended 31 December 2014, he was entitled to MYR 252,000. AdvanceTC Limited paid 50% of the amount, being MYR 126,000.

Remuneration details of members of key management personnel for the period ended 31 December 2014

The following table of benefits and payment details, in respect to the financial period, the components of remuneration for each member of the key management personnel of the Group. Details relating to the appointment of directors is included as part of the "Information on directors" in the directors' report. Details of the appointment or resignation of other members of key management personnel are included below.

Table of benefits and payments

	Short term		Post employment	Long term benefits	Share based payments	
	Cash salary fees	Bonus & other	Pension and superannuation		Options, rights & shares	
2014	**MYR**	**MYR**	**MYR**	**MYR**	**MYR**	**MYR**
Key management personnel						
Cheng Pheng LOI	**450,000**	**4,500**	**-**	**-**	**-**	**454,500**
Gim Keong LEE	**252,000**	**-**	**-**	**-**	**-**	**252,000**
Yeow Koon, Jonathan LOI	**252,000**	**-**	**-**	**-**	**-**	**252,000**
Chee Tuck CHO	**9,801**	**-**	**-**	**-**	**-**	**9,801**
Chee Seng CHO	**10,954**	**-**	**-**	**-**	**-**	**10,954**
Keng Yaw, William TAN	**10,954**	**-**	**-**	**-**	**-**	**10,954**
Chee Yong FOO	**126,600**	**-**	**-**	**-**	**-**	**126,600**
	1,112,309	**4,500**	**-**	**-**	**-**	**1,116,809**

Directors' Report
For the Period Ended 31 December 2014

Remuneration report (audited) continued

Remuneration details of members of key management personnel for the period continued ended 31 December 2014

	Short term		Post employment	Long term benefits	Share based payments	
	Cash salary fees	Bonus	Pension and superannuation		Options, rights & shares	
2013	**MYR**	**MYR**	**MYR**	**MYR**	**MYR**	**MYR**
Key management personnel						
Cheng Pheng LOI	70,848	-	-	-	-	70,848
Gim Keong LEE	52,000	-	-	-	-	52,000
Yeow Koon, Jonathan LOI	54,848	-	-	-	-	54,848
Yap Hong CHOONG #	12,000	-	-	-	-	12,000
Chee Yong FOO	60,000	-	-	-	-	60,000
	249,696	-	-	-	-	249,696

- Yap Hong Choong resigned on 1 July 2013.

Securities received that are not performance related

No members of key management personnel are entitled to receive securities which are not performance-based as part of their remuneration package.

Cash performance-related bonuses

There were no bonuses granted as remuneration during the period to key management personnel during the period.

Description of options/rights granted as remuneration

There were no options granted as remuneration to key management personnel and executives during the period.

Key management personnel options and rights holdings

No options were granted to any person to take up unissued ordinary shares of the Group during the fianncial period.

Key management personnel shareholdings

The number of ordinary shares in AdvanceTC Limited held by each key management person of the Group during the financial period is as follows:

31 December 2014	**Balance at beginning of period**	**Other changes in the period #**	**Issued on exercise of share swap**	**Balance at end of period**
Key management personnel				
Cheng Pheng LOI	**401,000**	**1,800,000**	**76,839,000**	**79,040,000**
Yeow Koon, Jonathan LOI	**1,947,700**	**-**	**74,402,140**	**76,349,840**
Gim Keong LEE	**82,000**	**-**	**3,198,000**	**3,280,000**
Chee Tuck CHO	**-**	**33,899**	**2,422,061**	**2,455,960**
Chee Seng CHO	**-**	**200,000**	**500,000**	**700,000**
Chee Yong Foo	**-**	**-**	**100,000**	**100,000**
Yap Hong Choong	**50,000**	**(50,000)**	**-**	**-**
	2,480,700	**1,983,899**	**157,461,201**	**161,925,800**

Directors' Report
For the Period Ended 31 December 2014

Remuneration report (audited) continued

- Other share transactions related to shares acquired on market and/or shares held on appointment or resignation

* 79,040,000 shares were issued in AdvanceTC Limited on exercise of share swap. 2,200,999 shares held in AdvanceTC Sdn Bhd were forfeited.

** 76,349,840 shares were issued in AdvanceTC Limited on exercise of share swap. 1,947,699 shares held in AdvanceTC Sdn Bhd were forfeited.

Transactions (excluding loans)

There were no transactions with KMP except as disclosed elsewhere in the remuneration report.

Loans owing to KMP

The following information relates to KMP loans owed, guaranteed or secured during the reporting period on an aggregate basis.

	Balance at beginning of the period	Movement for the period	Interest charged	Balance at the end of the period
	MYR	MYR	MYR	MYR
Cheng Pheng LOI	31,136	143,530	-	174,666
Yeow Koon, Jonathan LOI	20,300	-	-	20,300
Chee Yong FOO	-	100	-	100
Yap Hong CHOONG	34,950	(34,950)	-	-

There are no terms and conditions attached with respect to interest or repayment of the loans.

End of Audited Remuneration Report (audited)

This director's report, incorporating the remuneration report, is signed in accordance with a resolution of the Board of Directors.

Director:

Cheng Pheng LOI

Dated 14 April 2015

Corporate Governance Statement
31 December 2014

The Board is committed to achieving and demonstrating the highest standards of corporate governance. The Board continues to refine and improve the governance framework and practices in place to ensure they meet the interests of shareholders. The Company complies with the National Stock Exchange (NSX) of Australia's principles of corporate governance (the Principles).

Copies of AdvanceTC Limited's Board and Board committee charters and key corporate governance policies or summaries are available in the Corporate Governance section of the website at www.advancetc.com.

Principle 1: Lay solid foundations for management and oversight

Role of the Board and Management

The Board of Directors is responsible for the corporate governance of the Company. The Board provides strategic guidance for the Company, and effective oversight of management. The Board guides and monitors the business and affairs of the Group on behalf of the shareholders by whom they are elected and to whom they are accountable.

The Board has adopted a Charter that details its roles and responsibilities, which is available on our website.

The Board has delegated responsibility for day-to-day management of the Company to the Chief Executive Officer (CEO) and there is a formal delegations structure in place which sets out the powers delegated to the CEO and those specifically retained by the Board, these delegations are reviewed on a regular basis.

Responsibilities of the Board

The Board is responsible for:

- Overseeing the company, including its control and accountability systems;
- Overseeing the integrity of the accounting and corporate systems, including external audit;
- Appointing and removing the CEO;
- Where appropriate, ratifying the appointment and removal of senior executives;
- Providing input into and final approval of management’s development of corporate strategy and performance objectives;
- Reviewing, ratifying and monitoring systems of risk management and internal controls, codes of conduct and legal compliance;
- Monitoring senior executives performance and implementation of strategy;
- Ensuring timely and balanced disclosure of all material information concerning the company that a reasonable person would expect to have a material effect on the price or value of the company's securities;
- Ensuring appropriate resources are available to senior executives;
- Approving and monitoring the operating budgets and progress of major capital expenditure, capital management and acquisitions and divestures; and
- Monitoring the effectiveness of the entity's governance practices.

Allocation of individual responsibilities

Formal letters of appointment will be provided to all new Directors and Senior Executives setting out key terms and conditions of their appointment.

Responsibilities of management

Management are responsible for implementing the strategic objectives of the company and operating within the risk appetite set by the Board as well as other aspects of the day-to-day running of the Company.

Management is also responsible for providing the Board with accurate, timely clear information to enable the Board to perform its responsibilities.

The Company Secretary

The Company Secretary is appointed by the Board and is responsible for:

- Advising the Board and its Committees on Governance matters;
- Monitoring compliance with Board policies and procedures;
- Co-ordinating Board papers;
- Accurately recording decisions and discussions from Board meetings; and
- Co-ordinating the induction and professional development of Directors.

Ongoing training

Directors identify additional training needs on an ongoing basis and attend these as necessary to ensure they have the appropriate skills and knowledge to perform their role.

Evaluation of Directors and Senior Executives

A performance evaluation for Directors and Senior Executives will take place at least annually.

Appointment of Board Members

Prior to appointing or putting forward a candidate for election to the Board, appropriate checks such as character, experience, criminal records and education wil be performed. All material information in the Company's possession is provided to security holders to allow them to make an informed decision about the suitability of the candidate.

Diversity policy

In respect of diversity, the Board considers that diversity includes differences that relate to gender, age, ethnicity and cultural background. It also includes differences in background and life experience, communication styles, interpersonal skills, education and problem solving skills.

The Board seeks to develop a culture of diversity within the Company whereby a mix of skills and diverse backgrounds are employed by the Company at all levels through structuring the recruitment processes at all levels so that a diverse range of candidates are considered and there are no excuses or unconscious biases that might discriminate against certain candidates.

The Company strives to:

1. Develop and maintain a diverse and skilled workforce through transparent recruitment processes.

2. Promote an inclusive workplace culture that values and utilises the contributions of all employees backgrounds, experiences and perspective though improved awareness of the benefits of workforce diversity.

3. Facilitate diversity in the workplace by developing programs that promote growth for all employees, so each employee may reach their full potential, and providing maximum benefit for the Company.

4. Set measurable objectives to encourage diversity within the Company.

AdvanceTC Limited considers the key management personnel, excluding Directors, to be the senior executives of the company.

Principle 2: Structure the Board to add Value

The Board's policy is that the Board needs to have an appropriate mix of skills, experience, expertise and diversity to be well equipped to help the Company navigate the range of challenges faced by the company.

The names, independence status and terms of service of the members of the Board as at the date of this report are set out in the directors' report together with the Board member's experience, expertise and qualifications.

Composition of the Board

The Board seeks to ensure that:

- At any point in time, its membership represents an appropriate balance between directors with experience and knowledge of the Company and directors with an external or fresh perspective;

- There is a sufficient number of directors to serve on Board committees without overburdening the directors or making it difficult for them to fully discharge their responsibilities; and

- The size of the Board is appropriate to facilitate effective discussion and efficient decision making.

In accordance with the NSX Listing Rules, the Company will hold an election of Directors each year.

Board committees

To ensure that the responsibilities of the Board are upheld and executed to the highest level, the Board will set up the following Board committees:

- Audit & Risk Management Committee

- Remuneration Committee

- Nomination and Governance Committee

Each of these committees will have charters and operating procedures in place, which will be reviewed on a regular basis. The Board may establish other committees from time to time to deal with matters of special importance. The Committees will have access to the Company's executives and senior management as well as independent advice. Copies of the minutes of each Committee meeting will be made available to the full Board, and the Chairman of each Committee will provide an update on the outcomes at the Board meeting that immediately follows the Committee meeting.

Board skills matrix

The key skills required by the Board are highlighted in the matrix below, the Board believes that there is sufficient directors with these skills and there are no deficiencies in these skills in the current board.

- Risk and compliance: Identify key risks to the company related to each key areas of operations. Ability to monitor risk and compliance and knowledge of legal and regulatory requirements.
- Financial and Audit: Experience in accounting and finance to analyse statements, assess financial viability, contribute to financial planning, overseas budgets and funding arrangements.
- Strategy: Ability to identify and critically assess strategic opportunities and threats to the organisation. Develop strategies in context to our policies and business objectives.
- Policy development: Ability to identify key issues for the organisation and develop appropriate policy parameters within which the company should operate.

Independent decision making

The Board recognises the important contribution independent Directors make to good corporate governance. All Directors, whether independent or not, are required to act in the best interests of the Company and to exercise unfettered and independent judgment.

A Director is considered to be independent if he or she is free of any interest, position, association or relationship that might influence or reasonably be perceived to influence, in a material respect, his or her capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the Company and its security holders generally.

If any Director believes there is a change in their independence status, they are required to notify the Board as soon as possible.

The Board has adopted specific principles in relation to directors' independence and considers the following, at least annually, when determining if a Director is independent:

Whether the Director:

- Is a substantial shareholder of the company or an officer of, or otherwise associated directly with, a substantial shareholder of the company.
- Is employed, or has previously been employed in an executive capacity by the company or another group member, and there has not been a period of at least three years between ceasing such employment and serving on the Board.
- Has within the last three years been a principal of a material professional adviser or a material consultant to the company or another group member, or an employee materially associated with the service provided.
- Is a material supplier or customer of the company or other group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer.
- Has a material contractual relationship with the company or another group member other than as a director.

Role of the Chair

The Chair of the Board is responsible for leadership of the Board and for the efficient organisation and conduct of the Board's functioning.

The Chair facilitates the effective contribution of all directors and promotes constructive and respectful relations between directors and between Board and management.

Nomination and Governance Committee

The Company will set up a Nomination and Governance Committee to assist the Board in fulfilling its corporate governance responsibilities in regard to:

- Board appointments, re-elections and performance and general succession planning for Board / Senior Management;
- Directors' induction and continuing development;
- Board Committee membership;
- Endorsement of Executive appointments; and
- Development and implementation of the Company's governance policies and monitoring compliance with those policies and practices.

The Nomination and Governance Committee did not meet during the year as the Company was in the establishment phase and the Committee's responsibilities were fulfilled by the full Board.

Access to information

The Board is provided with the information it needs to discharge its responsibilities effectively and all Directors have complete access to senior management through the CEO or Company Secretary at any time.

Principle 3: Act ethically and responsibly

Code of conduct

The Board acknowledges and emphasises the importance of all directors and employees maintaining the highest standards of corporate governance practice and ethical conduct.

A code of conduct has been established requiring directors and employees to:

- Act in the best interest of the entity;
- Act honestly and with high standards of personal integrity;
- Exercise due care and diligence in fulfilling the functions of office;
- Avoid conflicts and make full disclosure of any possible conflicts of interest;
- Comply with the laws and regulations that apply to the entity and its operations;

- Not knowingly participate in any illegal or unethical activity; and

- Comply with the share trading policy outlined in the Code of Conduct.

A copy of the Code of Conduct is available from the company’s website.

Principle 4: Safeguard integrity in corporate reporting

Audit and Risk Management Committee

The Board shall establish an Audit and Risk Management Committee. The ulitmate responsibilty for the integrity of the company's financial reporting rests wih the full Board. The Audit and Risk Management Committee will assist the Board in fulfilling its corporate governance responsibilities in regard to:

- the adequacy of the entity's corporate reporting processes;

- whether the entity's financial statements reflect the understanding of the committee members of, and otherwise provide a true and fair view of, the financial position and performance of the entity;

- the appropriateness of the accounting judgements or choices exercised by management in preparing the entity's financial statements;

- the appointment or removal, rotation, independence and performance of the external auditor;

- the scope and adequacy of the external audit and any non-audit services;

- if the entity has an internal audit function:

    - the appointment or removal of the head of internal audit;

    - the scope and adequacy of the internal audit work plan; and

    - the objectivity and performance of the internal audit function.

It is proposed that the members of the Audit Committee will be:

Cho Chee Tuck
Cho Chee Seng
Tan Keng Yaw, William

The Audit and Risk Management Committee will report to the full Board after every meeting on all matters relevant to the committee’s roles and responsibilities.

External auditor

The external auditor attends the AGM and is available to answer your shareholder questions about the conduct of the audit and the preparation and content of the auditor’s report.

The Board have received from its Chief Executive Officer / Chief Financial Officer a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

Internal control

The Board is responsible for reviewing the company's policies on risk oversight and management and satisfying itself that management has developed and implemented a sound system of risk management and internal control.

The Board has received assurance from the Chief Executive Officer / Chief Financial Officer that the declaration provided in accordance with section 295A of the *Corporations Act 2001* is founded on a system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

Principle 5: Make timely and balanced disclosure

AdvanceTC Limited has established policies and procedures to ensure timely and balanced disclosures of all material matters concerning the Company, and to ensure that all investors have equal and timely access to information on the Company's financial performance.

These policies and procedures include a comprehensive disclosure policy that includes identification of matters that may have a material effect on the price on the Company's securities, quality control procedures over announcements, notifying them to the NSX, posting relevant information on the Company's website and issuing media releases.

The Annual Report includes relevant information about the operations of the Company during the year, key financial information, changes in the state of affairs and indications of future developments. The Annual Reports for the current year and for previous years are available under the Investor Relations section of the company website.

The half year and full year financial results are announced to the NSX and are available to shareholders via the Company and NSX websites.

Principle 6: Respect the rights of security holders

The Company Secretary has been nominated as the person responsible for communications with the NSX.

All Executive Management have an ongoing obligation to advise the Company Secretary of any material non-public information which may need to be communicated to the market.

The Company has an Investor Relations Program which promotes effective communication with shareholders, encourages participation at general meetings and encourages communications throughout the year.

The Company engages with its security holders through:

- Giving them ready access to information about the entity and its governance via the Company website;
- Communicating openly and honestly with them;
- Encouraging and facilitating their participation in meetings of security holders; and
- Providing an email address on all communication for security holders who wish to contact the Company.

The Notice of Annual General Meeting (AGM) will be provided to all shareholders and posted on the company's website. Notices for general meetings and other communications with shareholders are drafted to ensure that they are honest, accurate and not misleading and that the nature of the business of the meeting is clearly stated and explained where necessary.

The Board encourages full participation by shareholders at the Annual General Meeting to ensure a high level of Director accountability to shareholders and shareholder identification with the Company's strategy and goals.

Principle 7: Recognise and manage risk

The Board considers identification and management of key risks associated with the business as vital to maximise shareholder wealth. A yearly assessment of the business's risk profile is undertaken and reviewed by the Board, covering all aspects of the business from the operational level through to strategic level risks.

The CEO has been delegated the task of implementing internal controls to identify and manage risks for which the Board provides oversight. The effectiveness of these controls is monitored and reviewed regularly. The recent economic environment has emphasised the importance of managing and reassessing its key business risks.

The Audit and Risk Management Committee will review the risk register and discuss any updates in identified risks at each meeting as a standard agenda item. The yearly assessment of the business risk profile was not performed during the 2014 year as the Company was newly incorporated.

The Board is responsible for reviewing the company's policies on risk oversight and management and satisfying itself that management has developed and implemented a sound system of risk management and internal control.

The Board requires management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively.

The Board will receive a report from management as to the effectiveness of the company's management of its material business risks.

The Company does not have an internal audit function. The evaluation of the risk management and internal control process will be the responsibility of the Audit Committee and is performed in conjunction with senior executives. External consultants may be used in certain circumstances, however have not been used during the financial year.

Principle 8: Remunerate fairly and responsibly

The Company's remuneration policy is designed in such as way that it:

- motivates senior executives to pursue the long-term growth and success of the Company and
- demonstrates a clear relationship between senior executives' performance and remuneration.

The remuneration policy, which sets the terms and conditions for the key management personnel (KMP) will be developed by the Remuneration Committee after seeking professional advice from independent consultants and was approved by the Board.

All executives receive a base salary, superannuation, fringe benefits, performance incentives and retirement benefits. The Remuneration Committee reviews executive packages annually by reference to company performance, executive performance, comparable information from industry sectors and other listed corporations and independent advice. The performance of executives is measured against criteria agreed half yearly which are based on the forecast growth of the company's profits and shareholder value. The policy is designed to attract the highest calibre executives and reward them for performance which results in long-term growth in shareholder value.

The Board expects that the remuneration structure implemented will result in the company being able to attract and retain the best executives. It will also provide executives with the necessary incentives to work to grow long-term growth in shareholder value.

The payment of bonuses, options and other incentive payments will be reviewed by the Board annually as part of the review of executive remuneration. All bonuses, options and incentives must be linked to predetermined performance criteria. The Board can exercise its discretion in relation to approving incentives, bonuses and options. Any changes must be justified by reference to measurable performance criteria.

Further information about the company's remuneration strategy and policies and their relationship to company performance can be found in the Remuneration Report which forms part of the directors' report, together with details of the remuneration paid to key management personnel.

Remuneration Committee

Once formed, the responsibilities of the Remuneration Committee will include a review of and recommendation to the Board on:

- the company's remuneration, recruitment, retention and termination policies and procedures for senior executives
- senior executives' remuneration and incentives
- superannuation arrangements
- the remuneration framework for directors
- remuneration by gender.

Each member of the Remuneration Committee:

- will be familiar with the legal and regulatory disclosure requirements in relation to remuneration
- will have adequate knowledge of executive remuneration issues, including executive remuneration issues, including executive retention and termination policies and short term and long term incentive arrangements.

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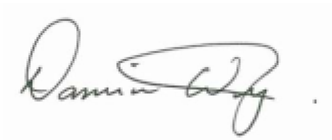
DECLARATION OF INDEPENDENCE BY DAMIAN WRIGHT TO THE DIRECTORS OF ADVANCETC LIMITED

As lead auditor of AdvanceTC Limited for the 18 month period ended 31 December 2014, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

This declaration is in respect AdvanceTC Limited and the entities it controlled during the period.



D P Wright
Director

BDO Audit Pty Ltd

Brisbane, 14 April 2015

Statement of Profit or Loss and Other Comprehensive Income
For the Period Ended 31 December 2014

		Consolidated	
	Note	18 months ended 31 December 2014 MYR	12 months ended 30 June 2013 MYR
Revenue	4	**7,166,312**	591,835
Other income	4	**2,274,994**	367,278
Changes in inventories of finished goods and work in progress		**401,863**	126,647
Purchases		**(5,437,861)**	(541,583)
Employee benefits expense		**(902,978)**	(124,730)
Depreciation and amortisation expense		**(3,784,339)**	(52,407)
Other expenses		**(2,478,078)**	(486,669)
Finance costs		**(210,940)**	(52,018)
Loss before income tax	5	**(2,971,027)**	(171,647)
Income tax expense	6	**-**	-
Loss for the period		**(2,971,027)**	(171,647)
Other comprehensive income for the year, net of tax		**-**	-
Total comprehensive income for the year		**(2,971,027)**	(171,647)
Loss attributable to:			
Members of the parent entity		**(3,134,541)**	(171,647)
Non-controlling interest		**163,514**	-
		(2,971,027)	(171,647)
Total loss attributable to:			
Members of the parent entity		**(3,134,541)**	(171,647)
Non-controlling interest		**163,514**	-
		(2,971,027)	(171,647)

Earning per share		**cents**	**cents**
From continuing operation			
Basic earnings per share (cents per share)	18	(1.4)	(0.1)
Diluted earnigns per share (cents per share)	18	(1.4)	(0.1)

The accompanying notes form part of these financial statements.

AdvanceTC Limited
ACN 600 238 444

Statement of Financial Position
As At 31 December 2014

	Note	Consolidated 31 December 2014 MYR	30 June 2013 MYR
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	9	**175,231**	7,436
Trade and other receivables	10	**325,742**	1,160,832
Inventories	11	**528,511**	126,647
TOTAL CURRENT ASSETS		**1,029,484**	1,294,915
NON-CURRENT ASSETS			
Property, plant and equipment	12	**88,569**	137,843
Intangible assets	13	**14,663,107**	7,813,748
TOTAL NON-CURRENT ASSETS		**14,751,676**	7,951,591
TOTAL ASSETS		**15,781,160**	9,246,506
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	14	**3,088,589**	3,930,795
Borrowings	15	**991,545**	975,883
Other liabilities	16	**-**	1,429,698
TOTAL CURRENT LIABILITIES		**4,080,134**	6,336,376
NON-CURRENT LIABILITIES			
Trade and other payables	14	**5,864,016**	2,610,438
Borrowings	15	**278,963**	175,638
TOTAL NON-CURRENT LIABILITIES		**6,142,979**	2,786,076
TOTAL LIABILITIES		**10,223,113**	9,122,452
NET ASSETS		**5,558,047**	124,054
EQUITY			
Issued capital	17	**8,967,041**	4,132,000
Reserves		**2,964,673**	-
Retained earnings	19	**(7,142,487)**	(4,007,946)
Total equity attributable to equity holders of the Company		**4,789,227**	124,054
Non-controlling interest		**768,820**	-
TOTAL EQUITY		**5,558,047**	124,054

The accompanying notes form part of these financial statements.

AdvanceTC Limited
ACN 600 238 444

Statement of Changes in Equity
For the Year Ended 31 December 2014

2014 — **Consolidated**

	Note	Ordinary Shares	Retained Earnings	Reorganisation Reserve	Attributable to owners of AdvanceTC Limited	Non-controlling Interests	Total
		MYR	MYR	MYR	MYR	MYR	MYR
Balance at 1 July 2013		**4,132,000**	**(4,007,946)**	**-**	**124,054**	**-**	**124,054**
Profit attributable to members of the parent entity		**-**	**(3,134,541)**	**-**	**(3,134,541)**	**-**	**(3,134,541)**
Profit attributable to non-controlling interests		**-**	**-**	**-**	**-**	**163,514**	**163,514**
Other comprehensive income for the period		**-**	**-**	**-**	**-**	**-**	**-**
Total comprehensive income for the period		**-**	**(3,134,541)**	**-**	**(3,134,541)**	**163,514**	**(2,971,027)**
Shares issued during the period		**8,405,020**	**-**	**-**	**8,405,020**	**-**	**8,405,020**
Reclassification of equity following corporate organisation		**(3,569,979)**	**-**	**2,964,673**	**(605,306)**	**605,306**	**-**
Balance at 31 December 2014		**8,967,041**	**(7,142,487)**	**2,964,673**	**4,789,227**	**768,820**	**5,558,047**

2013 — **Consolidated**

	Note	Ordinary Shares	Retained Earnings	Reorganisation Reserve	Attributable to owners of AdvanceTC Limited	Non-controlling Interests	Total
		MYR	MYR	MYR	MYR	MYR	MYR
Balance at 1 July 2012		4,132,000	(3,836,299)	-	295,701	-	295,701
Profit attributable to members of the parent entity		-	(171,647)	-	(171,647)	-	(171,647)
Other comprehensive income		-	-	-	-	-	-
Total comprehensive income for the year		-	(171,647)	-	(171,647)	-	(171,647)
Balance at 30 June 2013		4,132,000	(4,007,946)	-	124,054	-	124,054

The accompanying notes form part of these financial statements.

Statement of Cash Flows
For the Period Ended 31 December 2014

	Note	Consolidated 18 months ended 31 December 2014 MYR	12 months ended 30 June 2013 MYR
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit (loss) before taxation		**(2,971,027)**	(171,647)
Adjustments for:			
Depreciation		**69,201**	52,407
Amortisation		**3,715,137**	-
Impairment		**276,345**	91,780
Utilisation of government grant		**(1,429,698)**	273,930
Fair value gain on non-current payables		**(714,329)**	-
Revenue offset for purchase of Rights		**(6,640,896)**	-
Cash generated from operations		**(7,695,267)**	246,470
(Increase) / decrease in trade and other receivables		**558,745**	(480,932)
(Increase)/ decrease in inventories		**(401,864)**	(126,646)
Increase (decrease) in trade and other payables		**4,375,005**	927,253
Net cash flows from/(used in) operating activities		**(3,163,381)**	566,145
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, plant and equipment		**(19,927)**	(11,120)
Development expenditure		**(2,830,846)**	(702,659)
Net cash flows from/(used in) investing activities		**(2,850,773)**	(713,779)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issuance of equity instruments		**6,062,962**	-
Proceeds from borrowings		**145,084**	19,855
Payment of finance lease liabilities		**(26,097)**	(21,021)
Net cash flows from/(used in) financing activities		**6,181,949**	(1,166)
Net cash increase/(decreases) in cash and cash equivalents		**167,795**	(148,800)
Cash and cash equivalents at beginning of year		**7,436**	156,236
Cash and cash equivalents at end of the period	9	**175,231**	7,436

The accompanying notes form part of these financial statements.

Notes to the Financial Statements
For the Period Ended 31 December 2014

The financial report covers AdvanceTC Limited and its controlled entities ('the Group'). AdvanceTC Limited is a for-profit Company limited by shares, incorporated and domiciled in Australia.

Each of the entities within the Group prepare their financial statements based on the currency of the primary economic environment in which the entity operates (functional currency). The consolidated financial statements are presented in Malaysian ringgits (MYR) which is the parent entity's functional and presentation currency.

The financial report was authorised for issue by the Directors on .

The Company was incorporated on 20 June 2014 and the financial report has been prepared for the financial period from 1 July 2013 to 31 December 2014 (18 months). The comparative period is prepared on a 12 month basis. On 7 July 2014 the Company acquired 100% of the issued capital of AdvanceTC Sdn Bhd, a company incorporated and having its principal place of business in Malaysia. AdvanceTC Sdn Bhd owns 82.4% of Advance Tech Communications Sdn Bhd, a company also incorporated in Malaysia, which is the group's operating entity.

Through acquiring 100% of the issued capital, the Company has obtained control of AdvanceTC Sdn Bhd and its controlled entity, Advance Tech Communications Sdn Bhd.

The purchase was satisfied by the issue of 300,317,450 ordinary shares of the Company. The existing shareholders of AdvanceTC Sdn Bhd were therefore issued the same number of shares in the Company and no cash or any other consideration was paid for this acquisition.

Under the principles of AASB 3 *Business Combinations*, Advance Tech Communications Sdn Bhd is the accounting acquirer and AdvanceTC Limited is the accounting acquiree, and the above transaction has therefore been accounted for as a reverse acquisition. Accordingly, this preliminary final report of the consolidated financial statements of AdvanceTC Limited and its controlled entities has been prepared as a continuation of the consolidated financial statements of Advance Tech Communications Sdn Bhd. The comparative figures also present a continuation of Advance Tech Communications Sdn Bhd and not AdvanceTC Limited.

AdvanceTC Limited has changed its functional and presentation currency to from Australian Dollars (A$) to Malaysian Ringgits (MYR). This preliminary final report is therefore presented in MYR.

AdvanceTC Limited has changed its year-end to 31 December.

The results for the current period are for the 18 months ended 31 December 2014.

The results for the previous corresponding period are for the 12 months ended 30 June 2013.

Consolidated financial statements have been prepared on the basis of pooling of interest method or merger accounting, where the financial statements as if they have been in effect since the beginning of the preceeding financial period, i.e. 1 July 2012.

1 Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

These financial statements and associated notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The financial statements have been prepared on an accruals basis and are based on historical costs modified, where

1 Basis of Preparation continued

applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Significant accounting policies adopted in the preparation of these financial statements are presented below and are consistent with prior reporting periods unless otherwise stated.

2 Summary of Significant Accounting Policies

(a) Principles of Consolidation

The consolidated financial statements include the financial position and performance of controlled entities from the date on which control is obtained until the date that control is lost.

Intragroup assets, liabilities, equity, income, expenses and cashflows relating to transactions between entities in the consolidated entity have been eliminated in full for the purpose of these financial statements.

Appropriate adjustments have been made to a controlled entity's financial position, performance and cash flows where the accounting policies used by that entity were different from those adopted by the consolidated entity. All controlled entities have a December financial year end.

A list of controlled entities is contained in Note 25 to the financial statements.

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the parent has control. Control is established when the parent 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 to direct the relevant activities of the entity.

Associates

Interests in associates, where the investor has significant influence over the investee, are accounted for using the equity method in accordance with AASB 128 *Investments in Associates and Joint Ventures*. Under this method, the investment is initially recognised as cost and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss and other comprehensive income of the investee after the date of acquisition.

Non controlling interest

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of financial position respectively.

(b) Business combinations

Business combinations are accounted for by applying the acquisition method which requires an acquiring entity to be identified in all cases. The acquisition date under this method is the date that the acquiring entity obtains control over the acquired entity.

The fair value of identifiable assets and liabilities acquired are recognised in the consolidated financial statements at the acquisition date.

Goodwill or a gain on bargain purchase may arise on the acquisition date, this is calculated by comparing the consideration transferred and the amount of non-controlling interest in the acquiree with the fair value of the net

2 Summary of Significant Accounting Policies continued

(b) Business combinations continued

identifiable assets acquired. Where consideration is greater than the net assets acquired, the excess is recorded as goodwill. Where the net assets acquired are greater than the consideration, the measurement basis of the net assets are reassessed and then a gain from bargain purchase recognised in profit or loss.

All acquisition-related costs are recognised as expenses in the periods in which the costs are incurred except for costs to issue debt or equity securities.

Any contingent consideration which forms part of the combination is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity then it is not remeasured and the settlement is accounted for within equity. Otherwise subsequent changes in the value of the contingent consideration liability are measured through profit or loss.

(c) Revenue and other income

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the Group and specific criteria relating to the type of revenue as noted below, has been satisfied.

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

All revenue is stated net of the amount of goods and services tax (GST).

Sale of goods

Revenue is recognised on transfer of goods to the customer as this is deemed to be the point in time when risks and rewards are transferred and there is no longer any ownership or effective control over the goods.

Grant revenue

Government grants are recognised at fair value where there is reasonable assurance that the grant will be received and all grant conditions will be met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs they are compensating. Grants relating to assets are credited to deferred income at fair value and are credited to income over the expected useful life of the asset on a straight-line basis.

(d) Income Tax

The tax expense recognised in the statement of profit or loss and other comprehensive income comprises of current income tax expense plus deferred tax expense.

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (loss) for the period and is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates and laws that have been enacted or substantively enacted by the end of the reporting period. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred tax is provided on temporary differences which are determined by comparing the carrying amounts of tax bases of assets and liabilities to the carrying amounts in the consolidated financial statements.

Deferred tax is not provided for the following:

2 Summary of Significant Accounting Policies continued

(d) Income Tax continued

- The initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

- Taxable temporary differences arising on the initial recognition of goodwill.

- Temporary differences related to investment in subsidiaries, associates and jointly controlled entities to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

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

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and losses can be utilised.

Current tax assets and liabilities are offset where there is a legally enforceable right to set off the recognised amounts and there is an intention either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset where there is a legal right to set off current tax assets against current tax liabilities and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Current and deferred tax is recognised as income or an expense and included in profit or loss for the period except where the tax arises from a transaction which is recognised in other comprehensive income or equity, in which case the tax is recognised in other comprehensive income or equity respectively.

(e) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to entities in the Group, are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred. The lease is not recognised in the statement of financial position.

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the life of the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over

2 Summary of Significant Accounting Policies continued

(e) Leases continued

the life of the lease term.

(f) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

(g) Goods and Services Tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payable are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the statement of financial position.

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(h) Inventories

Inventories are measured at the lower of cost and net realisable value. Cost of inventory is determined using the first-in-first-out basis and is net of any rebates and discounts received.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the costs necessary to make the sale. Net realisable value is estimated using the most reliable evidence available at the reporting date and inventory is written down through an obsolescence provision if necessary.

(i) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment of losses.

Where the cost model is used, the asset is carried at its cost less any accumulated depreciation and any impairment losses. Costs include purchase price, other directly attributable costs and the initial estimate of the costs of dismantling and restoring the asset, where applicable.

Assets measured using the revaluation model are carried at fair value at the revaluation date less any subsequent accumulated depreciation and impairment losses. Revaluations are performed whenever there is a material movement in the value of an asset under the revaluation model.

Depreciation

Property, plant and equipment, excluding freehold land, is depreciated on a straight-line basis over the assets useful life to the Company, commencing when the asset is ready for use.

2 Summary of Significant Accounting Policies continued

(i) Property, Plant and Equipment continued

Depreciation continued

Leased assets and leasehold improvements are amortised over the shorter of either the unexpired period of the lease or their estimated useful life.

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate
Motor Vehicles	20%
Office Equipment	20%
Computer Equipment	20%
Improvements	10%

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

(j) Intangible Assets

Research and development

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technical feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably.

The expenditure capitalised includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use, and capitalised borrowing costs. Other development expenditure is recognised in profit or loss as incurred.

Capitalised development costs are measured at cost less accumulated amortisation and accumulated impairment losses.

Development costs have a finite life and are amortised on a systematic basis matched to the future economic benefits over the useful life of the project which is 5 years.

Rights relate to the site licensing rights to advertise the Group's products is recognised as an asset at the acquisition date and measured at cost. The rights are amortised on a straight line basis over five (5) years

Amortisation

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

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

(k) Financial instruments

Financial instruments are recognised initially using trade date accounting, i.e. on the date that the Group becomes party to the contractual provisions of the instrument.

2 Summary of Significant Accounting Policies continued

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial Assets

Financial assets are divided into the following categories which are described in detail below:

- loans and receivables;
- financial assets at fair value through profit or loss;
- available-for-sale financial assets; and
- held-to-maturity investments.

Financial assets are assigned to the different categories on initial recognition, depending on the characteristics of the instrument and its purpose. A financial instrument's category is relevant to the way it is measured and whether any resulting income and expenses are recognised in profit or loss or in other comprehensive income.

All income and expenses relating to financial assets are recognised in the statement of profit or loss and other comprehensive income in the 'finance income' or 'finance costs' line item respectively.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers but also incorporate other types of contractual monetary assets.

After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Any change in their value is recognised in profit or loss.

The Group's trade and most other receivables fall into this category of financial instruments.

Discounting is omitted where the effect of discounting is considered immaterial.

Significant receivables are considered for impairment on an individual asset basis when they are past due at the reporting date or when objective evidence is received that a specific counterparty will default.

The amount of the impairment is the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable.

In some circumstances, the Group renegotiates repayment terms with customers which may lead to changes in the timing of the payments, the Group does not necessarily consider the balance to be impaired, however assessment is made on a case-by-case basis.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets:

- acquired principally for the purpose of selling in the near future

2 Summary of Significant Accounting Policies continued

- designated by the entity to be carried at fair value through profit or loss upon initial recognition or
- which are derivatives not qualifying for hedge accounting.

The Group has some derivatives which are designated as financial assets at fair value through profit or loss.

Assets included within this category are carried in the statement of financial position at fair value with changes in fair value recognised in finance income or expenses in profit or loss.

Any gain or loss arising from derivative financial instruments is based on changes in fair value, which is determined by direct reference to active market transactions or using a valuation technique where no active market exists.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity. Investments are classified as held-to-maturity if it is the intention of the Group's management to hold them until maturity.

Held-to-maturity investments are subsequently measured at amortised cost using the effective interest method, with revenue recognised on an effective yield basis. In addition, if there is objective evidence that the investment has been impaired, the financial asset is measured at the present value of estimated cash flows. Any changes to the carrying amount of the investment are recognised in profit or loss.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that do not qualify for inclusion in any of the other categories of financial assets or which have been designated in this category.

All other available-for-sale financial assets are measured at fair value, with subsequent changes in value recognised in other comprehensive income.

Gains and losses arising from financial instruments classified as available-for-sale are only recognised in profit or loss when they are sold or when the investment is impaired.

In the case of impairment or sale, any gain or loss previously recognised in equity is transferred to the profit or loss.

Losses recognised in prior period consolidated statement of profit or loss and other comprehensive income statements resulting from the impairment of debt securities are reversed through the statement of profit or loss and other comprehensive income, if the subsequent increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

Financial liabilities

Financial liabilities are classified as either financial liabilities ‘at fair value through profit or loss’ or other financial liabilities depending on the purpose for which the liability was acquired. Although the Group uses derivative financial instruments in economic hedges of currency and interest rate risk, it does not hedge account for these transactions.

The Group‘s financial liabilities include borrowings, trade and other payables (including finance lease liabilities),

2 Summary of Significant Accounting Policies continued

which are measured at amortised cost using the effective interest rate method.

All of the Group's derivative financial instruments that are not designated as hedging instruments in accordance with the strict conditions explained in AASB 139 are accounted for at fair value through profit or loss.

Impairment of Financial Assets

At the end of the reporting period the Group assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets at amortised cost

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial assets original effective interest rate.

Impairment on loans and receivables is reduced through the use of an allowance accounts, all other impairment losses on financial assets at amortised cost are taken directly to the asset.

Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

Available-for-sale financial assets

A significant or prolonged decline in value of an available-for-sale asset below its cost is objective evidence of impairment, in this case, the cumulative loss that has been recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. Any subsequent increase in the value of the asset is taken directly to other comprehensive income.

(l) Impairment of non-financial assets

At the end of each reporting period the Group determines whether there is an evidence of an impairment indicator for non-financial assets.

Where this indicator exists and regardless for goodwill, indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss, except for goodwill.

2 Summary of Significant Accounting Policies continued

(m) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Bank overdrafts also form part of cash equivalents for the purpose of the statement of cash flows and are presented within current liabilities on the statement of financial position.

(n) Employee benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits expected to be settled more than twelve months after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cashflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

Employee benefits are presented as current liabilities in the statement of financial position if the Group does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date regardless of the classification of the liability for measurement purposes under AASB 119.

(o) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured at the present value of management's best estimate of the outflow required to settle the obligation at the end of the reporting period. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the unwinding of the discount is taken to finance costs in the statement of profit or loss and other comprehensive income.

Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(p) Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the company by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share adjusts the basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

2 Summary of Significant Accounting Policies continued

(q) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options which vest immediately are recognised as a deduction from equity, net of any tax effects.

(r) Foreign currency transactions and balances

Transaction and balances

Foreign currency transactions are recorded at the spot rate on the date of the transaction.

At the end of the reporting period:

- Foreign currency monetary items are translated using the closing rate;
- Non-monetary items that are measured at historical cost are translated using the exchange rate at the date of the transaction; and
- Non-monetary items that are measured at fair value are translated using the rate at the date when fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition or in prior reporting periods are recognised through profit or loss, except where they relate to an item of other comprehensive income or whether they are deferred in equity as qualifying hedges.

(s) Going concern

As at 31 December 2014 the Group has a deficiency in net current assets of MYR 3,050,650 (30 June 2013: MYR 5,041,461) and the Group has generated losses after income tax for the period of MYR 2,971,027 (2013: MYR 171,647).

Notwithstanding this, the financial report has been prepared on the going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and discharge of liabilities in the ordinary course of business.

The Group has generated significant cash outflows from operations. As such, the Group's ability to continue to adopt the going concern assumption will depend upon a number of matters including subsequent successful raising, in the future of necessary funding and the successful development, and subsequent commercialisation of the MAGICTM brand of high tech mobile wireless computing and telecommunication devices. The Group is currently continuing with the review of a number of funding opportunities. In the interim, the Group is dependent on the continuing financial support of its creditors and significant shareholders who have agreed to defer settlement of over MYR 7,000,000 for at least the next twelve months or until such time a sufficient funding opportunity has been finalised. The Directors have expectations that progress of a funding opportunity will be successful.

In the absence of these matters being successful, there exists a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, it may be unable to realise its assets, in particular intangible assets of MYR 14,663,107, and discharge its liabilities in the ordinary course of business and at the amounts stated in the financial report.

2 Summary of Significant Accounting Policies continued

(t) Adoption of new and revised accounting standards

During the current period, the following standards became mandatory and have been adopted retrospectively by the Group:

- AASB 10 *Consolidated Financial Statements*
- AASB 11 *Joint Arrangements*
- AASB 12 *Disclosure of Interests in Other Entities*
- AASB 13 *Fair Value Measurement*
- AASB 119 *Employee Benefits*
- AASB 127 *Separate Financial Statements*
- AASB 128 *Investments in Associates and Joint Ventures*
- AASB 2011-7 *Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards [AASB 1, 2, 3, 5, 7, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17]*
- AASB 2012-9 *Amendments to AASB 1048 arising from the Withdrawal of Australian Interpretation 1039*
- AASB 2012-2 *Amendments to Australian Accounting Standards - Disclosures - Offsetting Financial Assets and Financial Liabilities*

The accounting policies have been updated to reflect changes in the recognition and measurement of assets, liabilities, income and expenses and the impact of adoption of these standards is discussed below.

AASB 10 *Consolidated Financial Statements* is effective for annual reporting periods beginning on or after 1 January 2013 and therefore the Group has applied it for the first time in these financial statements. AASB 10 includes a new definition of control, including additional guidance for specific situations such as control in a principal / agent situation and when holding less than majority voting rights may give control. AASB 10 supersedes the previous requirements of AASB 127 *Consolidated and Separate Financial Statements* and Interpretation 112 *Consolidation - Special Purpose Entities* and resulted in consequential amendments to a number of other standards.

The Group has reviewed its investment in other entities to determine whether any changes were required to the consolidated entity under AASB 10. The composition of the consolidated entity is the same under AASB 10 and therefore there is no change to the reported financial position and performance.

AASB 11 *Joint Arrangements* replaces AASB 131 *Interests in Joint Ventures* and Interpretation 112 *Jointly-Controlled Entities - Non-monetary Contributions by Venturers* as well as consequential amendments to a number of other standards. AASB 11 uses the revised definition of control from AASB 10 and once joint control is determined, then classifies joint arrangements as either joint ventures or joint operations. Joint ventures are accounted for using the equity method, proportionate consolidation is not permitted under AASB 11. Joint operations are accounted for by incorporating the venturer's share of assets, liabilities, income and expenses into the financial statements. There were no changes to the accounting for joint arrangements under AASB 11.

2 Summary of Significant Accounting Policies continued

(t) Adoption of new and revised accounting standards continued

AASB 12 *Disclosure of Interests in Other Entities* includes all disclosures relating to an entity's interest in associates, joint arrangements, subsidiaries and structured entities. On adoption of AASB 12, additional disclosures have been included in the financial statements in relation to investments held.

AASB 13 *Fair Value Measurement* does not change what and when assets or liabilities are recorded at fair value. It provides guidance on how to measure assets and liabilities at fair value, including the concept of highest and best use for non-financial assets. AASB 13 has not changed the fair value measurement basis for any assets or liabilities held at fair value, however additional disclosures on the methodology and fair value hierarchy have been included in the financial statements.

AASB 119 *Employee benefits* changes the basis for determining the income or expense relating to defined benefit plans and introduces revised definitions for short-term employee benefits and termination benefits.

The Group reviewed the annual leave liability to determine the level of annual leave which is expected to be paid more than 12 months after the end of the reporting period. Whilst this has been considered to be a long-term employee benefits for the purpose of measuring the leave under AASB 119, the effect of discounting was not considered to be material and therefore has not been performed.

In accordance with the transition provisions in the standard, the comparative figures have been restated, where applicable.

(u) New Accounting Standards and Interpretations

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Group has decided not to early adopt these Standards. The following table summarises those future requirements, and their impact on the Group where the standard is relevant:

2 Summary of Significant Accounting Policies continued

(u) New Accounting Standards and Interpretations continued

Standard Name	Effective date for entity	Requirements	Impact
AASB 9 Financial Instruments	Annual reporting periods beginning on or after 1 January 2018	Significant revisions to the classification and measurement of financial assets, reducing the number of categories and simplifying the measurement choices, including the removal of impairment testing of assets measured at fair value. The amortised cost model is available for debt assets meeting both business model and cash flow characteristics tests. All investments in equity instruments using IFRS 9 are to be measured at fair value. Amends measurement rules for financial liabilities that the entity elects to measure at fair value through profit and loss. Changes in fair value attributable to changes in the entity's own credit risk are presented in other comprehensive income.	Impacts on the reported financial position and performance have not yet been determined.
AASB 15 Revenue from contracts with customers	Annual reporting periods beginning on or after 1 January 2017	AASB 15 introduces a five step process for revenue recognition with the core principle of the new Standard being for entities to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the entity expects to be entitled in exchange for those goods or services. Accounting policy changes will arise in timing of revenue recognition, treatment of contracts costs and contracts which contain a financing element. AASB 15 will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple-element arrangements.	The changes in revenue recognition requirements in AASB 15 may cause changes to the timing and amount of revenue recorded in the financial statements as well as additional disclosures. The impact of AASB 15 has not yet been quantified.

3 Critical Accounting Estimates and Judgments

The directors make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

Key estimates - impairment of goodwill and intangible assets

Impairment testing is an area involving management judgement, requiring assessment as to whether the carrying value of assets can be supported by the net present value of future cash flows derived from such assets using cash flow projections which have been discounted at an appropriate rate and using a terminal value to incorporate expectations of growth thereafter.

In calculating the net present value of the future cash flows, certain assumptions are required to be made in respect of highly uncertain matters including management’s expectations of:

• growth in EBITDA, calculated as adjusted operating profit before depreciation and amortisation;

• timing and quantum of future capital expenditure;

• long-term growth rates; and

• the selection of discount rates to reflect the risks involved.

The Group prepares and approves formal five year management plans for its operations, which are used in the value in use calculations.

Changing the assumptions selected by management, in particular the discount rate and growth rate assumptions used in the cash flow projections, could significantly affect the Group’s impairment evaluation and hence results.

The Group’s review includes the key assumptions related to sensitivity in the cash flow projections. Further details are provided in note 13 to the consolidated financial statements.

Notes to the Financial Statements
For the Period Ended 31 December 2014

4 Revenue and Other Income

Revenue from continuing operations

	Consolidated	
	2014	**2013**
	MYR	**MYR**
Sales revenue		
- sale of goods	**7,166,312**	591,835
Total Revenue	**7,166,312**	591,835

Other Income

	Consolidated	
	2014	**2013**
	MYR	**MYR**
Other income	**845,296**	367,278
Government grants	**1,429,698**	-
Total Other Income	**2,274,994**	367,278

Notes to the Financial Statements
For the Period Ended 31 December 2014

5 Result for the Period

The result for the period was derived after charging / (crediting) the following items:

	Consolidated	
	2014	**2013**
	MYR	**MYR**
Finance Costs		
Financial liabilities measured at amortised cost:		
- Interest on obligations under finance leases	**13,635**	6,587
- Interest on bank overdrafts and loans	**126,596**	10,626
- Total interest expense	**140,231**	17,213
- Other finance costs	**70,709**	52,018
Total finance costs	**210,940**	69,231

The result for the year includes the following specific expenses:

	Consolidated	
	2014	**2013**
	MYR	**MYR**
Cost of sales	**5,035,997**	414,936
Other expenses:		
Employee benefits expense	**902,978**	124,730
Depreciation and Amortisation expense	**3,784,339**	52,407
Impairment of receivables:		
- Doubtful debts	**276,345**	-
Total impairment of receivables	**276,345**	-
Rental expense on operating leases:		
- Office lease payments	**33,998**	130,000

Notes to the Financial Statements
For the Period Ended 31 December 2014

6 Income Tax Expense

The major components of tax expense (income) comprise:

(a) The major components of tax expense (income) comprise:

	Consolidated 2014 MYR	Consolidated 2013 MYR
Income tax expense	**-**	-

	Consolidated 2014 MYR	Consolidated 2013 MYR
(b) Reconciliation of income tax to accounting profit:		
Profit	**(2,971,027)**	(171,647)
Tax	**26 %**	25 %
	(772,467)	(42,912)
Add:		
Tax effect of:		
- other non-allowable items	**1,159,208**	61,800
	386,741	18,888
Less:		
Tax effect of:		
- non-taxable income	**890,292**	235,500
Income tax attributable to parent entity	**(503,551)**	(216,612)
deferred tax assets not brought to account	**503,551**	216,612
Income tax expense	**-**	-
Weighted average effective tax rate	**- %**	- %

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following:

	Consolidated 2014 MYR	Consolidated 2013 MYR
Tax losses	**5,156,155**	5,156,155
Capital allowances	**931,762**	475,143

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therein.

7 Business Combinations

On 7 July 2014 the Company acquired 100% of the issued capital of AdvanceTC Sdn Bhd, a company incorporated and having its principal place of business in Malaysia. AdvanceTC Sdn Bhd acquired 82.4% of Advance Tech Communications Sdn Bhd, a company also incorporated in Malaysia, which is the group's operating entity. Through acquiring 100% of the issued capital, the Company has obtained control of AdvanceTC Sdn Bhd.

On 30 June 2014 (the 'acquisition date'), the Company has acquired 82.4% of the issued and paid-up ordinary share capital of equity interest in Advance Tech Communications Sdn. Bhd. ('Advance Tech'), which principally engaged in the development and design of communication systems and solutions and related activities from its shareholders for a total consideration of MYR 6,006,351, which was satisfied by the issuance of 6,006,351 new ordinary shares of MYR1.00 each credited as fully paid-up at par value.

Both acquisitions have been accounted for using principles similar to a reverse acquisition in accordance with AASB 3 *Business Combinations* and the consolidated financial statements therefore represent a continuation of the financial statements of the original entity Advance Tech Communications Sdn Bhd.

The non-controlling interest has been measured using the proportionate share of net assets approach.

8 Operating Segments

Segment information

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision maker) in assessing performance and determining the allocation of resources.

The Group is managed primarily on the basis of product category and service offerings as the diversification of the Group's operations inherently have notably different risk profiles and performance assessment criteria. Operating segments are therefore determined on the same basis.

Accordingly, management currently identified the Group as having only one reportable segment, being the design development and commercialisation of high tech mobile wireless computing and telecommunications devices.

The financial results from this segment are equivalent to the financial statements for the Group. There have been no changes in the operating segments during the period.

9 Cash and cash equivalents

	Consolidated	
	2014	**2013**
	MYR	**MYR**
Cash at bank in hand	**175,231**	7,436
	175,231	7,436

Reconciliation of cash

Cash and Cash equivalents reported in the statement of cash flows are reconciled to the equivalent items in the statement of financial position as follows:

Notes to the Financial Statements
For the Period Ended 31 December 2014

9 Cash and cash equivalents continued

Reconciliation of cash continued

	Consolidated	
	2014	**2013**
	MYR	**MYR**
Cash and cash equivalents	**175,232**	7,437

10 Trade and other receivables

		Consolidated	
		2014	**2013**
		MYR	**MYR**
CURRENT			
Trade receivables		**295,845**	276,345
Provision for impairment	(a)	**(276,345)**	-
		19,500	276,345
Deposits		**173,352**	67,700
Other receivables		**132,890**	816,787
Total current trade and other receivables		**325,742**	1,160,832

(a) Impairment of receivables

Reconciliation of changes in the provision for impairment of receivables is as follows:

	Consolidated	
	2014	**2013**
	MYR	**MYR**
Additional impairment loss recognised	**276,345**	-
Balance at end of the year	**276,345**	-

(b) Aged analysis

The ageing analysis of receivables is as follows:

	2014	**2013**
	MYR	**MYR**
91+ days (past due not impaired)	**19,500**	-
91+ days (considered impaired)	**276,345**	-
	295,845	-

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

Notes to the Financial Statements
For the Period Ended 31 December 2014

10 Trade and other receivables continued

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements.

11 Inventories

	Consolidated	
	2014	**2013**
	MYR	**MYR**
CURRENT		
At cost:		
Finished goods	**528,511**	126,647
	528,511	126,647

12 Plant and equipment

PLANT AND EQUIPMENT

	Consolidated	
	2014	**2013**
	MYR	**MYR**
Motor vehicles		
At cost	**239,187**	239,187
Accumulated depreciation	**(184,164)**	(129,140)
Total motor vehicles	**55,023**	110,047
Office equipment		
At cost	**7,796**	7,796
Accumulated depreciation	**(7,796)**	(5,473)
Total office equipment	**-**	2,323
Computer equipment		
At cost	**123,178**	119,651
Accumulated depreciation	**(110,200)**	(102,639)
Total computer equipment	**12,978**	17,012
Improvements		
At cost	**28,620**	12,220
Accumulated depreciation	**(8,052)**	(3,759)
Total improvements	**20,568**	8,461
Total property, plant and equipment	**88,569**	137,843

12 Plant and equipment continued

(a) Movements in carrying amounts of property, plant and equipment

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial period:

Consolidated	Motor Vehicles MYR	Office Equipment MYR	Computer Equipment MYR	Improvements MYR	Total MYR
Period ended 31 December 2014					
Balance at the beginning of period	**110,047**	**2,324**	**17,012**	**8,460**	**137,843**
Additions	**-**	**-**	**3,527**	**16,400**	**19,927**
Depreciation expense	**(55,024)**	**(2,324)**	**(7,561)**	**(4,292)**	**(69,201)**
Balance at the end of the period	**55,023**	**-**	**12,978**	**20,568**	**88,569**

Consolidated	Motor Vehicles MYR	Office Equipment MYR	Computer Equipment MYR	Improvements MYR	Total MYR
Period ended 30 June 2013					
Balance at the beginning of year	146,730	3,883	16,749	57,203	224,565
Additions	-	-	6,120	5,000	11,120
Disposals - written down value	-	-	-	(45,433)	(45,433)
Depreciation expense	(36,683)	(1,559)	(5,857)	(8,308)	(52,407)
Balance at the end of the period	110,047	2,324	17,012	8,462	137,845

(b) Leased assets

Office Equipment and Computer Equipment include the following amounts where the Group is a lessee under a finance lease:

	Consolidated 2014 MYR	Consolidated 2013 MYR
Cost	**239,187**	239,187
Accumulated depreciation	**(184,164)**	(129,140)
Net book value	**55,023**	110,047

13 Intangible Assets

	Consolidated 2014 MYR	Consolidated 2013 MYR
Development costs		
At cost	**8,768,244**	7,813,748
Accumulated amortisation and impairment	**(832,137)**	-
Net carrying value	**7,936,107**	7,813,748
Rights		
At cost	**9,610,000**	-
Accumulated amortisation and impairment	**(2,883,000)**	-
Net carrying value	**6,727,000**	-
Total Intangibles	**14,663,107**	7,813,748

(a) Movements in carrying amounts of intangible assets

Consolidated	Rights MYR	Development costs MYR	Total MYR
Period ended 31 December 2014			
Balance at the beginning of the period	**-**	**7,813,748**	**7,813,748**
Additions	**9,610,000**	**954,496**	**10,564,496**
Amortisation	**(2,883,000)**	**(832,137)**	**(3,715,137)**
Closing value at 31 December 2014	**6,727,000**	**7,936,107**	**14,663,107**

Consolidated	Rights MYR	Development costs MYR	Total MYR
Period ended 30 June 2013			
Balance at the beginning of the year	-	7,157,436	7,157,436
Additions	-	702,659	702,659
Written off	-	(46,347)	(46,347)
Closing value at 30 June 2013	-	7,813,748	7,813,748

13 Intangible Assets continued

(b) Impairment assessment

Development expenditure is expenditure incurred for the development of new products. The following describes the key assumptions used on which the Group has based its cash flow projections for the purpose of impairment test:.

(i) Cash flows were projected based on financial budgets approved by the management. The budget cover a period of five (5) years in accordance with the products' common life expectancies applied in the industry.

(ii) The total units of anticipated sales is 15,000 units, 36,000 units and 60,000 units for the financial years ending 2015, 2016 and 2017 respectively and a 10% revenue growth rate per annum for the financial years 2018 and 2019.

(iii) A pre-tax discount rate of 7.85% per annum has been applied.

Management is not aware of any reasonably possible changes in the above key assumptions, which would cause the carrying amounts of the intangible assets to materially exceed their recoverable amounts.

(c) Rights

Rights represent site licensing rights to advertise the Group's products over a period of five (5) years.

During the financial period, the Group made the following cash payments to purchase the Rights:

	Consolidated	
	2014	**2013**
	MYR	**MYR**
Purchase of Rights	**9,610,000**	-
Off-set by sale of goods	**(6,640,896)**	-
Outstanding balances included in non-current other payables	**(1,092,754)**	-
Cash payment for purshase of Rights	**1,876,350**	-

14 Trade and other payables

	Consolidated	
	2014	2013
	MYR	MYR
CURRENT		
Trade payables (a)	**517,007**	1,027,738
Other payables	**2,571,582**	2,903,057
	3,088,589	3,930,795

	Consolidated	
	2014	2013
	MYR	MYR
NON-CURRENT		
Related party payables (c)	**2,078,078**	-
Other payables (b)	**3,785,938**	2,610,438
	5,864,016	2,610,438

Non-current payables are interest free and stated at fair value. Fair value has been calculated based on an assumed interest rate of 7.85% per annum. The payables are in Tier 3 of the fair value hierarchy. The reconciliation is as follows:

		2014	2013
	Note	MYR	MYR
Related party payables		**2,365,225**	-
Other payables		**4,200,506**	2,610,438
Amounts owing to directors	15	**194,966**	51,436
Fair value adjustment		**(714,329)**	-
		6,046,368	2,661,874

(a) Trade payables are non-interest bearing and the normal credit terms granted to the Group and the Company range from 30 days to 90 days.

(b) Amounts included in non-current other payables represent shareholders advances of MYR 3,825,939 and site licensing rights payable amounting to MYR 1,092,754 (Note 13), which are unsecured, interest free and payable in two (2) to three (3) years.

(c) Amounts owing to a related party represent advances and payment on behalf, which are unsecured, interest free and payable in two (2) to four (4) years.

(d) Information on financial risks of trade and other payables are disclosed in Note 26 to the financial statements.

Notes to the Financial Statements

For the Period Ended 31 December 2014

15 Borrowings

		Consolidated 2014 MYR	Consolidated 2013 MYR
CURRENT			
Secured liabilities:			
Lease liability secured (a)	20	**16,964**	15,470
Term loan (b)		**974,581**	960,413
		991,545	975,883
Total current borrowings		**991,545**	975,883

		Consolidated 2014 MYR	Consolidated 2013 MYR
NON-CURRENT			
Unsecured liabilities:			
Amounts owing to directors (c)		**182,352**	51,436
		182,352	51,436
Secured liabilities:			
Lease liability secured (a)	20	**96,611**	124,202
		96,611	124,202
Total non-current borrowings		**278,963**	175,638

(a) Lease liabilties are secured on the assets to which they relate. Refer to Note 12 (b).

(b)The term loan bears an interest of 7% per annum and is secured as by:

(i) fixed and floating charge on the future and current assets of AdvanceTC Sdn Bhd; and

(ii) deed of assignment of all proceeds of the irrecoverable letter of credit issued in favour of the Company and financed by Malaysia Debt Venture Berhad.

The term loan is jointly and severally guaranteed by certain Directors.

(c) Amounts owing to Directors are unsecured and interest free. Refer to Note 14 for fair value.

16 Other liabilities

	Consolidated 2014 MYR	Consolidated 2013 MYR
CURRENT		
Government grants received in advance	-	1,429,698

Notes to the Financial Statements
For the Period Ended 31 December 2014

17 Issued Capital

	Consolidated 2014 MYR	Consolidated 2013 MYR
300,317,550 (2013: 4,132,000) Ordinary shares	**8,967,041**	4,132,000

(a) Ordinary shares

	Consolidated 2014 No.	Consolidated 2013 No.
At the beginning of the reporting period	**4,132,000**	4,132,000
Shares issued during the year	**3,154,462**	-
Recognition of shares in accordance with the requirements of reverse acquisition accounting	**293,031,088**	-
At the end of the reporting period	**300,317,550**	4,132,000

The holders of ordinary shares are entitled to participate in dividends and the proceeds on winding up of the Company. On a show of hands at meetings of the Company, each holder of ordinary shares has one vote in person or by proxy, and upon a poll each share is entitled to one vote.

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

At the shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

18 Earnings per Share

(a) Earnings used to calculate overall earnings per share

	Consolidated 2014 MYR	Consolidated 2013 MYR
Earnings used to calculate overall earnings per share	**(3,134,541)**	(171,647)

(b) Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS

	Consolidated 2014 No.	Consolidated 2013 No.
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	**216,301,385**	165,599,945

19 Retained Earnings

	Consolidated	
	2014	2013
	MYR	MYR
Retained earnings (accumulated losses) at the beginning of the financial period	**(4,007,946)**	(3,836,298)
Loss for the period	**(3,134,541)**	(171,648)
Retained earnings at end of the financial period	**(7,142,487)**	(4,007,946)

20 Capital and Leasing Commitments

(a) Finance Leases

	Consolidated	
	2014	2013
	MYR	MYR
Minimum lease payments:		
- not later than one year	**16,963**	21,876
- between one year and five years	**77,626**	87,504
- later than five years	**18,985**	56,427
Minimum lease payments	**113,574**	165,807
Less: finance changes	**(16,030)**	(26,135)
Present value of minimum lease payments	**97,544**	139,672

(b) Operating Leases

There were no operating leases that have been have been taken out during the period ended 31 December 2014 (30 June 2013: None).

(c) Contracted Commitments

Contracted commitments for:

Company		
Capital expenditure in respect of purchase of property, plant & equipment	**889,200**	-
	889,200	-

21 Financial Risk Management

The Group is exposed to a variety of financial risks through its use of financial instruments.

The Group‘s overall risk management plan seeks to minimise potential adverse effects due to the unpredictability of financial markets. The Group's overall financial risk management objectives are to ensure that Group creates value for its shareholders whilst minimising potential adverse effects on its financial performance and position. The Group is exposed mainly to credit risk, interest rate risk, liquidity and cash flow risk. Information on the management of the related exposures is detailed below.

21 Financial Risk Management continued

Objectives, policies and processes

Risk management is carried out by the Group's risk management committee under the delegated power from the Board of Directors. The Finance Manager has primary responsibility for the development of relevant policies and procedures to mitigate the risk exposure of the Group, these policies and procedures are then approved by the risk management committee and tabled at the board meeting following their approval.

Reports are presented at each Board meeting regarding the implementation of these policies and any risk exposure which the Risk Management Committee believes the Board should be aware of.

Specific information regarding the mitigation of each financial risk to which the Group is exposed is provided below.

Liquidity risk

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities as and when they fall due.

The Group manages its liquidity needs by carefully monitoring and forecasting their cash commitments and maintains a level of cash and bank balances deemed adequate to finance the Group's activities.

The Group's liabilities have contractual maturities which are summarised below:

Consolidated	On demand or within 1 year		1 to 5 years		More than 5 years		Total	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**
	MYR	**MYR**	**MYR**	**MYR**	**MYR**	**MYR**	**MYR**	**MYR**
Finance lease obligations	**16,964**	15,470	**77,626**	105,217	**18,985**	18,985	**113,575**	139,672
Term loan	**974,581**	960,413	**-**	-	**-**	-	**974,581**	960,413
Other financial liabilities	**-**	-	**182,352**	51,436	**-**	-	**182,352**	51,436
Trade and other payables	**3,088,589**	3,930,795	**3,785,938**	2,610,438	**-**	-	**6,874,527**	6,541,233
Related party payables	**-**	-	**2,078,078**	-	**-**	-	**2,078,078**	-
Total	**4,080,134**	4,906,678	**6,123,994**	2,767,091	**18,985**	18,985	**10,223,113**	7,692,754

Market risk

Generally, the Group's risk management procedures distinguish short-term foreign currency cash flows (due within 6 months) from longer-term cash flows. Where the amounts to be paid and received in a specific currency are expected to largely offset one another, no further hedging activity is undertaken.

(a) Market risk - Cash flow interest rate sensitivity

(i) Interest rate risk

The Group is exposed to interest rate risk as funds are borrowed at floating and fixed rates. Borrowings issued

21 Financial Risk Management continued

at fixed rates expose the Group to fair value interest rate risk.

The Group's policy is to minimise interest rate cash flow risk exposures on long-term financing. Longer-term borrowings are therefore usually at fixed rates. At the reporting date, the Group is exposed to changes in market interest rates through its hire purchase payables.

The following table illustrates the sensitivity of the net result for the year to a reasonably possible change in interest rates of +1.00% and -1.00% (2013: +1.00%/-1.00%), with effect from the beginning of the year. These changes are considered to be reasonably possible based on observation of current market conditions and economist reports.

The calculations are based on the financial instruments held at each reporting date. All other variables are held constant.

Consolidated	**2014**		**2013**	
	+1.00%	**-1.00%**	**+1.00%**	**-1.00%**
	MYR	**MYR**	**MYR**	**MYR**
Net results	**(9,003)**	**9,003**	(2,183)	2,183

(ii) Other price risk

The Group is not exposed to commodity price risk, or exchange rate risk.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group.

Cash deposits and receivables may give rise to credit risk which requires the loss to be recognised if a counter party fails to perform as contracted. It is the Group's policy to monitor the financial standing of these counter parties on an ongoing basis to ensure that the Group is exposed to minimal credit risk.

The Group's primary exposure to credit risk arises through its trade receivables. The Group's trading terms with its customers are mainly on credit. The credit period is generally for a period of one (1) month, extending up to two (3) months. The Group's seek to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management.

In respect of cash and bank balances, as they placed with major financial institutions in Malaysia, the Directors believe that the possibility of non-performance by the financial institutions is remote on the basis of their financial strength.

21 Financial Risk Management continued

Credit risk continued

Exposure to credit risk

At the end of the reporting period, the Group's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

Credit concentration profile

As at the end of the reporting period, other than amount owing by one (1) major customer of the Group 100% (2013: 100%) of total trade receivables of the Group, there is no significant concentration of credit risk.

Financial assets that are past due but not impaired

Information regarding financial assets that are past due but not impaired is disclosed in Note 10 to the financial statements.

The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

22 Dividends

There were no dividends paid or recommended during the period or since the end of the period. There are no franking credits available to the shareholders of the Company.

23 Key Management Personnel Disclosures

Key management personnel remuneration included within employee expenses for the period is shown below:

	2014	2013
	MYR	MYR
Short-term employee benefits	**1,116,809**	249,696

Other key management personnel transactions

For details of other transactions with key management personnel, refer to the audited Remuneration Report and Note 27: Related Party Transactions.

24 Remuneration of Auditors

	Consolidated 2014 MYR	Consolidated 2013 MYR
Remuneration of the auditor of the parent entity, BDO Audit Pty Ltd, for:		
- Remuneration of the auditor of the parent entity, BDO Audit Pty Ltd, for auditing or reviewing the financial statements	**57,650**	-
Remuneration of related auditors of subsidiaries for:		
- auditing or reviewing the financial statements of subsidiaries	**65,000**	21,200
Total	**122,650**	21,200

25 Interests in Subsidiaries

(a) Composition of the Group

	Principal place of business / Country of Incorporation	Percentage Owned (%)* 2014	Percentage Owned (%)* 2013
Subsidiaries:			
AdvanceTC Sdn Bhd	Malaysia	**100**	-
Advance Tech Communications Sdn Bhd	Malaysia	**82**	-

*The percentage of ownership interest held is equivalent to the percentage voting rights for all subsidiaries.

26 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 31 December 2014 (30 June 2013:None).

27 Related Parties

(a) The Group's main related parties are as follows:

(i) Key management personnel:

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity are considered key management personnel.

For details of remuneration disclosures relating to key management personnel, refer to Note 23: Interests of Key Management Personnel (KMP) and the and the remuneration report in the Directors' Report.

Other transactions with KMP and their related entities are shown below.

(ii) Other related parties include close family members of key management personnel, director related entities and signficant shareholders.

Other related parties include close family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel or their close family members.

For details of subsidiaries see note 25.

(b) Transactions with related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The following transactions occurred with related parties:

				Balance outstanding	
	Purchases	Sales	Other transactions	Owed to the company	Owed by the company
KMP related parties					
TOP ATC Sdn Bhd *: Finance and assisting with Magic Zlate project	4,693,000	-	-	-	2,365,225
TOP ATC Sdn Bhd *: Payments of 50% of salaries for certain key management personnel	-	-	477,000	-	-
Other related parties					
Fixed cost contribution received from a related company	-	-	120,000	-	-

* TOP ATC Sdn Bhd are a company with common directors, being Messrs CP Loi, J Loi and GK Lee. In addition to the salary arrangements described in the Remuneration Report, the company purchases its finished products from the maufacturer, TOP ATC Sdn Bhd.

(c) Loans to/from related parties

Unsecured loans have been provided by directors, key management personnel and other related parties. Repayment terms are set for each loan, which range from 1 to 3 years. Loans are interest free and repayable in cash.

Details of balances due to key management personnel are disclosed in the Remuneration Report.

Included in the loan balance above is a loan from TOP ATC whcih represents amounts owed for the purchase of finished goods. TOP ATC are a related entity associated with Messrs CP Loi, J Loi and GK Lee. The loan is repayable over 4 years and interest free.

28 Cash Flow Information

(a) Non-cash financing and investing activities

	Consolidated	
	2014	2013
	MYR	MYR
Purchase of Billboard Rights offset against Revenue	**6,640,896**	-
Creditors settled in shares	**2,342,655**	-

29 Events Occurring After the Reporting Date

No matters or circumstances have arisen since the end of the financial period which significantly affected or could significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

30 Parent entity

The following information has been extracted from the books and records of the parent, AdvanceTC Limited and has been prepared in accordance with Australian Accounting Standards.

The financial information for the parent entity, AdvanceTC Limited has been prepared on the same basis as the consolidated financial statements except as disclosed below.

Investments in subsidiaries, associates and joint ventures

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the financial statements of the parent entity. Dividends received from associates are recognised in the parent entity profit or loss, rather than being deducted from the carrying amount of these investments.

	2014 MYR	2013 MYR
Statement of Financial Position		
Assets		
Non-current assets	**8,559,103**	-
Total Assets	**8,559,103**	-
Liabilities		
Current liabilities	**(21,600)**	-
Total Liabilities	**(21,600)**	-
Equity		
Issued capital	**8,967,041**	-
Retained earnings	**(429,538)**	-
Total Equity	**8,537,503**	-
Statement of Profit or Loss and Other Comprehensive Income		
Total profit or loss for the year	**(429,538)**	-
Other comprehensive income	**-**	-
Total comprehensive income	**(429,538)**	-

(a) The parent company has no commitments as at 31 December 2014.

(b) The parent company has no contingencies as at 31 December 2014.

(c) The parent company has not provided any guarantees to its subsidiaries as at 31 December 2014.

31 Company Details

The registered office of the company is:

AdvanceTC Limited
Level 7, 207 Kent Street
SYDNEY NSW 2000
Australia

31 Company Details continued

The principal place of business is:

G-01, Emerald Plaza North,
Jalan PJU 8/3A,
Damansara Perdana
47820, Petaling Jaya
Selangor DE
Malaysia

Directors' Declaration

The directors of the Company declare that:

1. the financial statements and notes for the period ended 31 December 2014 are in accordance with the *Corporations Act 2001* and:

    a. comply with Australian Accounting Standards, which, as stated in accounting policy note 2 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and

    b. give a true and fair view of the financial position and performance of the consolidated group;

2. the Chief Executive Officer and Chief Finance Officer have given the declarations required by Section 295A that:

    a. the financial records of the Company for the financial period have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;

    b. the financial statements and notes for the financial period comply with the Australian Accounting Standards; and

    c. the financial statements and notes for the financial period give a true and fair view.

3. in the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
4. The remuneration disclosures contained in the Remuneration Report comply with s300A of the Corporations Act 2001.

This declaration is made in accordance with a resolution of the Board of Directors.

Director

Cheng Pheng LOI

Dated 14 April 2015

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Australia

INDEPENDENT AUDITOR'S REPORT

To the members of AdvanceTC Limited

Report on the Financial Report

We have audited the accompanying financial report of AdvanceTC Limited, which comprises the consolidated statement of financial position as at 31 December 2014, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the 18 month period then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility 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 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 Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view 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 company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of AdvanceTC Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

(a) the financial report of AdvanceTC Limited is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the 18 month period ended on that date; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Emphasis of matter

Without modifying our opinion, we draw attention to Note 2(s) in the financial report, which indicates that the ability of the consolidated entity to continue as a going concern is dependent upon the future successful raising of necessary funding and the successful development, and subsequent commercialisation, of the MAGIC™ brand of high tech mobile wireless computing and telecommunication devices. These conditions, along with other matters as set out in Note 2(s), indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets, in particular intangible assets of MYR 14,663,107, and discharge its liabilities in the normal course of business.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 10 to 14 of the directors' report for the 18 month period ended 31 December 2014. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of AdvanceTC Limited for the 18 month period ended 31 December 2014 complies with section 300A of the *Corporations Act 2001*.

BDO Audit Pty Ltd

BDO

Damian Wright

Damian Wright
Director

Brisbane, 15 April 2015

Additional Information for Listed Public Companies
31 December 2014

NSX Additional Information
Additional information required by the NSX Listing Rules and not disclosed elsewhere in this report is set out below. This information is effective as at 14 April 2015.

Substantial shareholders
The substantial shareholders are set out below:

Shareholders	%
Loi Cheng Pheng	26.3
Jonathan Loi Yeow Koon	25.4
Yong Loong Chen	5.5
Ani Mariani Manu	5.0

Voting rights

Ordinary Shares
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.

Options
No voting rights.

Distribution of holders of quoted ordinary shares

Range	Holders	Units	Percentage
1 - 1,000	-	-	-
1,001 - 5,000	5	20,000	0.01
5,001 - 10,000	8	59,500	0.02
10,001 - 100,000	12	666,650	0.22
100,001 and over	54	299,571,400	99.75
	83	**300,317,550**	**100.000**

Additional Information for Listed Public Companies
31 December 2014

Twenty largest shareholders

	Ordinary shares	
	Number held	% of issued shares
Loi Cheng Pheng	79,040,000	26.3%
Jonathan Loi Yeow Koon	76,349,840	25.4%
Yong Loong Chen	16,400,000	5.5%
Ani Mariani Manu	14,915,992	5.0%
Leong Sweet Ngoh	13,528,500	4.5%
Leong Suet Chin	9,000,000	3.0%
Leong Suet Lai	8,500,000	2.8%
Teo Kar Leng	7,243,500	2.4%
Soon Wan Ching	6,252,000	2.1%
Wong Siew Yin	4,100,000	1.4%
Ng Guat Choo	3,800,000	1.3%
Lee Gim Keong	3,280,000	1.1%
Lai Yin Meng	3,000,000	1.0%
Ooi Chee Wey	2,732,475	0.9%
Mr Keng Yaw Chew	2,721,475	0.9%
Mr Hooi Beng Lim	2,639,125	0.9%
Mr Seh Jiang Lim	2,492,475	0.8%
Mr Wee Chong Chong	2,471,445	0.8%
Cho Chee Tuck	2,455,960	0.8%
Lim She Zun	2,440,950	0.8%

Unissued equity securities

There are no unissued equity securities.

Securities exchange

The Company is listed on the National Stock Exchange of Australia.