

# **AdvanceTC Limited**

ACN 600 238 444

## **Annual Financial Report**

**For the Year Ended 31 December 2016**

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**For the Year Ended 31 December 2016**

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## **AdvanceTC Limited**

ACN 600 238 444

## **Corporate Information**

**31 December 2016**

### **Directors**

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

### **Company Secretary**

William Keng Yaw Tan

### **Registered Office**

Level 12, Grosvenor Place  
225 George Street  
SYDNEY NSW 2000  
Australia

### **Principal Place of Business**

Level 12, Grosvenor Place  
225 George Street  
SYDNEY NSW 2000  
Australia

### **Share Registry**

Boardroom Pty Ltd  
Level 12, Grosvenor Place  
225 George 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 (NSX code A88)**

## **Chairman's Report**

**31 December 2016**

Dear Shareholder

The past twelve months has been a period of development and intense research activity by our R&D division. Our focus has been on investing in the development of advanced computerized technology for our ANDROID BASED SMART PHONE.

Whilst research is a never-ending quest the development side has not been overlooked, with the completion this year of the development for the second generation ANDROID BASED SMART PHONE product. We anticipate pre production and mass production and commercialization early in the second half of this year.

The fact that we have concentrated our efforts towards new technology is reflected in a temporary decline in revenues. Sales for the 12 month ending 31 December 2016 were RM 5,792,679 which represented a drop of 47% on the previous period. The sales revenues were contributed mainly by existing recurring software contract income, which will be ramped up this year, and hardware sales.

A major event since the year end was the granting of a PATENT for 'an innovative mobile wireless communication technology' by the Malaysian Government. Further worldwide patents are being sought in view of this successful application. The grant of patent is not only a valuable income-producing asset by way of implementation and royalties, it may also be used as collateral by banking institutions.

We have successfully restructured operations and we can look forward to positive results for the new year from our four income producing business units (Software, Mobile Smartphone, tablets and Contract Servicing).

The future is extremely bright for your Company and with full confidence we move into the 2017 financial year believing that this will be the Company's most successful year.

Yours sincerely,



CP Loi  
Chairman

Date : **31 MAR 2017**

## AdvanceTC Limited

ACN 600 238 444

# Directors' Report

## For the Year Ended 31 December 2016

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 year ended 31 December 2016.

### 1. General information

#### Information on directors

The names, qualifications, experience and special responsibilities of each person who has been a director during the year 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 mobile wireless telecommunication sector.   |
| Interest in shares and options  | Shares: 40,192,540 fully paid ordinary shares.  |
| Special responsibilities  | Mr Loi holds the position of Chief Executive Officer of the Company.<br>Member of the Audit and Risk Committee.   |
| Other current directorships in listed entities                          | None  |
| Other directorships in listed entities held in the previous three years | None  |
| 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 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 in the 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  |

## AdvanceTC Limited

ACN 600 238 444

## Directors' Report

For the Year Ended 31 December 2016

### Information on directors continued

|   |   |
|---|---|
| Jonathan Yeow Koon 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 lead 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: 69,549,840 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 Systems.  |
| 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 Kumpulan Guthrie Berhad.  |
| Interest in shares and options  | Shares: 2,955,960 fully paid ordinary shares.   |
| Special responsibilities  | Chair of the Audit and Risk Committee.  |
| 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, was resigned on 1 November 2016 and re-appointed on 4 January 2017.   |
| 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  | Shares: 200,000 fully paid ordinary shares.   |
| Special responsibilities  | Member of the Audit and Risk Committee.   |
| Other current directorships in listed entities                          | None  |
| Other directorships in listed entities held in the previous three years | None  |

## Directors' Report

**For the Year Ended 31 December 2016**

### Information on directors continued

|   |  |
|---|--|
| William Keng Yaw 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 Accountants.  |
| Experience  | Mr. Tan has been in Chartered Accounting practice of 25 years. He was a legal representative of an Australian company Signay 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   |
| Dato' Khamshah Bin Hj Abu Bakar   | Executive Director, appointed 1 September 2016, resigned on 10 November 2016.  |
| Qualifications  | Dato' Khamshah holds Barrister-at-Law from Lincoln's Inn, London.  |
| Experience  | Dato' Khamshah as an Advocate & Solicitor and Profession deals with criminal matters, corporate and civil litigation as well as Syariah Compliance. Dato' Khamshah led his firm as the Panel of Legal Advisors to several corporations such as DBKL, ANGKASA, PKNS as well as other private companies. He has held several positions as trustee to foundations such as Yaysan Umami Malaysia and Yayasan Ilmu Malaysia. Currently, he is also the Advisor to the Asean-China Economic and Trade Promotion Association, Malaysia. |
| 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   |
| Woon Mee TEH  | Executive Director, appointed 1 September 2016, resigned on 9 November 2016.   |
| Qualifications  | Ms.Teh holds a Bachelor of Business of Administration degree from University of Montevallo, Alabama, United States of America.   |
| Experience  | Ms. Teh has more than 25 years experience far and wide from being a Manager in Business Support to Sales & Marketing Manager, to General Manager in the networking industry. Her vast experiences from business compliances, customer services, operations, logistics, sales, marketing, finance, management as well as expansions of business and offices internationally gave her an invaluable advantage that garner Ms. Teh the position of CEO with a local setup.  |
| 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 year to the date of this report unless otherwise stated.

## Directors' Report

For the Year Ended 31 December 2016

### Company Secretary

Mr. William Kang Yaw TAN held the position of Company Secretary at the end of the financial Year. William was appointed as the Company Secretary on 31<sup>st</sup> August 2016 following the resignation of Mr. Mark Studd.

Mr. Tan is an experienced Company Secretary and corporate governance professional. His experience includes both the ASX listed and unlisted company arenas, in a range of industries including Chartered Accounting practice of 25 years. He was a legal representative of an Australian company Signay 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.

### Interests in the shares and options of the Group and related bodies corporate

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

|                        | Number of Ordinary Shares |
|------------------------|---------------------------|
| Jonathan Yeow Koon Loi | 69,549,840                |
| Cheng Pheng Loi        | 40,192,540                |
| Gim Keong Lee          | 3,280,000                 |
| Chee Tuck Cho          | 2,955,960                 |
| Chee Seng Cho          | 200,000                   |
| William Keng Yaw Tan   | -                         |

### Principal activities and significant changes in nature of activities

The principal activities of the Group during the financial year were 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 including its proprietary software and applications services. AdvanceTC Limited acts as a holding company for AdvanceTC Sdn Bhd, a company incorporated and having its principal place of business in Malaysia. AdvanceTC Sdn Bhd owns 60.1% 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 plus providing proprietary software application and services. It is the creator of the MAGIC™ brand of mobile computing devices and operates development facilities in Malaysia. AdvanceTC Limited owns a further 27.1% of Advance Tech Communications Sdn Bhd taking the total consolidated ownership to 87.2%.

There were no significant changes in the nature of the principal activities occurred during the financial year.

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

### Operating results

The consolidated loss of the Group amounted to MYR 4,850,145, after providing for income tax. This represented a significant loss reported for the year ended 31 December 2016. The significant loss was largely due to drop in sales of ANDROID/WINDOW SMARTPHONES and software licence as we focused on R&D development.

### Review of operations

The sales revenues of MYR 3,317,979 were contributed by MAGIC ZLATE and ANDROID WINDOW SMARTPHONE and revenue from software sales contributed MYR 2,474,700. We have achieved a total sales revenues of RM 5,792,679 which represents a drop of 47% for the whole of the period versus prior year. Sales were lower than anticipated due to the collapse of a proposed contract with the Malaysia Government to supply tablets to schools. As a result of this a further impairment charge was also recorded to reduce the remaining value of development costs relating to the tablet projects to nil.



## **Directors' Report**

### **For the Year Ended 31 December 2016**

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

We have been focussing on R&D on our new products MAGIC X6 and MAGIC X7. They will be ready for pre production and commercial shipment from first quarter 2017. MYR 613,537 was expensed during the year on these activities.

#### **3. Financial review**

##### **Financial position**

The net assets of the Group have decreased by MYR 4,850,145 from 31 December 2015 to MYR 5,699,022 at 31 December 2016. This decrease is largely due to the following factors:

- Impairment of development costs of MYR 2,200,000;
- Amortisation of intangible assets and depreciation of property, plant and equipment of MYR 2,887,958; and
- Consolidated loss of the Group having increased from MYR 206,546 in 2015 to MYR 4,850,145 in 2016.

#### **4. Future developments and results**

For the new year we will continue to develop our SMART PHONE business with exciting new features to be announced soon. We are in good position to be recognised as leaders in this segment with the new features. At the same time, the company expects to set up the Smartphone subsidiary company to handle all development, production and distribution of its devices. The subsidiary will be known as AdvanceTC Cilicon SAS France.

We will be boosted this year by the Patent Grant certificate from MYIPO, Malaysian government IP/PATENT authorized body, which was received in December 2016. This PATENT (our innovative mobile wireless communication technology) application was made by us almost 6 years ago. We will be able to secure significant funding support based on the GRANT CERTIFICATE as security from a local government bank. The funds shall be used for ramping up the production and sales of our devices in more markets and to accelerate the R&D development and commercialization for all the planned innovative devices.

We can look forward to an excellent result for the new year as we have successfully re-structured the business operations to focus/implement more profitable businesses such as the smart phone business and related proprietary software services to generate recurring income. The new upgraded smart phone models are ready for production with buyers committed for the first few shipments. Upon fulfilling these orders, the company will be able to launch the product to more consumer markets by June/July 2017.

With the above activities and projects, we are confident to achieve an excellent sales revenues for the company for 2017.

**AdvanceTC Limited**

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**Directors' Report****For the Year Ended 31 December 2016****5. Other items****Dividends paid or recommended**

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

**Events after the reporting date**

No matters or circumstances have arisen since the end of the financial year 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. Currently a number of funding options are being explored and are expected to provide the necessary working capital to allow the company to meet its obligations and realize its assets in the ordinary course of business.

**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.

**Meetings of directors**

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

|                                    | Directors' Meetings       |                 | Audit Committee           |                 |
|------------------------------------|---------------------------|-----------------|---------------------------|-----------------|
|                                    | Number eligible to attend | Number attended | Number eligible to attend | Number attended |
| Cheng Pheng LOI                    | 2                         | 2               | 1                         | 1               |
| Gim Keong LEE                      | 2                         | 1               | -                         | -               |
| Yeow Koon,<br>Jonathan LOI         | 2                         | 1               | -                         | -               |
| Chee Tuck CHO                      | 2                         | 1               | 1                         | 1               |
| Chee Seng CHO                      | 2                         | 2               | 1                         | 1               |
| Keng Yaw, William<br>TAN           | 2                         | 2               | -                         | -               |
| Woon Mee TEH                       | 1                         | 1               | -                         | -               |
| Dato' Khamshah Bin<br>Hj Abu Bakar | 1                         | 1               | -                         | -               |

**Indemnification and insurance of Directors Officers and Auditors**

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

**Options**

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

During the year ended 31 December 2016, no ordinary shares of AdvanceTC Limited were issued on the exercise of options granted.

## **AdvanceTC Limited**

ACN 600 238 444

# **Directors' Report**

**For the Year Ended 31 December 2016**

### **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 auditor has not provided any non-audit services to company during the year (2015: nil).

### **Auditor's independence declaration**

The auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001* for the year ended 31 December 2016 has been received and can be found on page 15 of the financial report.

### **Remuneration report (audited)**

#### **Remuneration policy**

The remuneration policy of the Group has been designed to align key management personnel (KMP) objectives with shareholder and business objectives by providing a fixed remuneration component and has not yet offered any 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.
- The Remuneration Committee will be formed in 2<sup>nd</sup> half year 2017, the committee 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.

**AdvanceTC Limited**

ACN 600 238 444

**Directors' Report****For the Year Ended 31 December 2016****Remuneration report (audited) - continued****Relationship between remuneration policy and company performance**

The company's performance and its impact on shareholder wealth since listing is summarised as follows:

|                       | On Listing     | 31 December 2014 | 31 December 2015 | 31 December 2016 |
|-----------------------|----------------|------------------|------------------|------------------|
| Profit / (Loss)       | N/A            | MYR (2,971,027)  | MYR (206,546)    | MYR (4,850,145)  |
| Share price           | AUD0.55        | AUD0.68          | AUD0.82          | AUD0.79          |
| Dividends             | N/A            | N/A              | N/A              | N/A              |
| Market capitalisation | AUD165,174,653 | AUD204,215,934   | AUD283,199,449   | AUD271,111,668   |

**Employment details of members of key management personnel**

The following table provides employment details of persons who were, during the financial year, members of key management personnel of the Group. All key management personnel were in office for the full financial year unless otherwise stated.

**Key management personnel**

Cheng Pheng LOI  
Gim Keong LEE  
Jonathan Yeow Koon LOI  
Chee Tuck CHO  
Chee Seng CHO

William Keong Yaw TAN  
Chee Yong FOO  
Woon Mee TEH

Dato' Khamshah Bin Hj Abu Bakar

**Position**

Chief Executive Officer and Executive Director (Chairman)  
Chief Operating Officer and Executive Director  
Chief Technology Officer and Executive Director  
Non-Executive Director  
Non-Executive Director (resigned 1 November 2016, re-appointed 4 January 2017)  
Non-Executive Director  
Head of Finance (retired 31 December 2016)  
Executive Director (appointed (1 September 2016), (resigned 9 November 2016)  
Executive Director (appointed (1 September 2016), (resigned 10 November 2016)

**Service Agreements**Non-executive directors

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 agreements summarise the Board policies and terms, including remuneration, relevant to the office of director. There is no fixed duration for these contracts. The agreements require a termination year of at least two (2) months written notice. Remuneration of AUD\$600 per month is payable for all directors.

# Directors' Report

**For the Year Ended 31 December 2016**

## Remuneration report (audited) continued

### Executive directors and other key management personnel

In addition to the above AUD\$600 per month, all executive directors and other key management personnel are employed pursuant to service agreements. There is no fixed duration for these contracts. The agreements require a termination year of at least two (2) months written notice (except in cases of termination for cause where termination is immediate). In case of resignation, no separation payment is made to the executive, except for amounts due and payable up to the date of ceasing employment.

The respective remuneration packages for the year ended 31 December 2016 are summarized as follows:

Cheng Pheng LOI (CEO) contract allows for an annual salary of MYR 300,000

Gim Keong Lee (COO) contract allows for an annual salary of MYR 168,000

Jonathan Keow Koon LOI (CTO) contract allows for an annual salary of MYR 168,000

Chee Yong FOO (Head of Finance) contract allows for an annual salary of MYR 96,000

There are no provisions in the agreements for short term bonuses or long term incentive plans and no pre-determined future salary increases.

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 1 January 2016, the remuneration costs of the CEO and COO were to be borne by AdvanceTC Limited and the remuneration costs of the CTO were to be borne by the director related entity.

## Remuneration details of members of key management personnel for the year ended 31 December 2016

The following table of benefits and payments details, the components of remuneration for each member of the key management personnel of the Group, in respect to the financial year.

### Table of benefits and payments

|                                 | Short term       |               | Post employment            | Long term benefits | Share based payments     | Total   |
|---------------------------------|------------------|---------------|----------------------------|--------------------|--------------------------|---------|
|                                 | Cash salary fees | Bonus & other | Pension and superannuation |                    | Options, rights & shares |         |
| 2016                            | MYR              | MYR           | MYR                        | MYR                | MYR                      | MYR     |
| <b>Directors</b>                |                  |               |                            |                    |                          |         |
| Cheng Pheng LOI                 | 323,354          | -             | -                          | -                  | -                        | 323,354 |
| Gim Keong LEE                   | 191,354          | -             | -                          | -                  | -                        | 191,354 |
| Jonathan Yeow Koon LOI          | 191,354          | -             | -                          | -                  | -                        | 191,354 |
| Chee Tuck CHO                   | 23,354           | -             | -                          | -                  | -                        | 23,354  |
| Chee Seng CHO                   | 23,354           | -             | -                          | -                  | -                        | 23,354  |
| William Keng Yaw TAN            | 23,354           | -             | -                          | -                  | -                        | 23,354  |
| Woon Mee TEH                    | -                | -             | -                          | -                  | -                        | -       |
| Dato' Khamshah Bin Hj Abu Bakar | -                | -             | -                          | -                  | -                        | -       |
| <b>Executive</b>                |                  |               |                            |                    |                          |         |
| Chee Yong FOO                   | 56,000           | -             | -                          | -                  | -                        | 56,000  |
|                                 | 823,124          | -             | -                          | -                  | -                        | 823,124 |

## Directors' Report

For the Year Ended 31 December 2016

### Remuneration report (audited) continued

Remuneration details of members of key management personnel for the year ended 31 December 2015:

|                        | Short term       |               | Post employment            | Long term benefits | Share based payments     |         |
|------------------------|------------------|---------------|----------------------------|--------------------|--------------------------|---------|
|                        | Cash salary fees | Bonus & other | Pension and superannuation |                    | Options, rights & shares | Total   |
| 2015                   | MYR              | MYR           | MYR                        | MYR                | MYR                      | MYR     |
| Directors              |                  |               |                            |                    |                          |         |
| Cheng Pheng LOI        | 322,563          | -             | -                          | -                  | -                        | 322,563 |
| Gim Keong LEE          | 190,563          | -             | -                          | -                  | -                        | 190,563 |
| Jonathan Yeow Koon LOI | 190,563          | -             | -                          | -                  | -                        | 190,563 |
| Chee Tuck CHO          | 22,563           | -             | -                          | -                  | -                        | 22,563  |
| Chee Seng CHO          | 22,563           | -             | -                          | -                  | -                        | 22,563  |
| William Keng Yaw TAN   | 22,563           | -             | -                          | -                  | -                        | 22,563  |
| Executive              |                  |               |                            |                    |                          |         |
| Chee Yong FOO          | 96,000           | -             | -                          | -                  | -                        | 96,000  |
|                        | 867,376          | -             | -                          | -                  | -                        | 867,376 |

### 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 year to key management personnel during the year.

### Description of options/rights granted as remuneration

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

### Key management personnel options and rights holdings

There were no options to take up unissued ordinary shares of the Group held by key management personnel during the financial year.

**AdvanceTC Limited**

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**Directors' Report****For the Year Ended 31 December 2016****Remuneration report (audited) continued****Key management personnel shareholdings**

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

| 31 December 2016                | Balance at beginning of year | Other changes in the year * | Issued on exercise of options | Balance at end of year |
|---------------------------------|------------------------------|-----------------------------|-------------------------------|------------------------|
| Key management personnel        |                              |                             |                               |                        |
| Cheng Pheng LOI                 | 79,040,000                   | (38,847,460)                | -                             | 40,192,540             |
| Jonathan Yeow Koon LOI          | 76,349,840                   | (6,800,000)                 | -                             | 69,549,840             |
| Gim Keong LEE                   | 3,280,000                    | -                           | -                             | 3,280,000              |
| Chee Tuck CHO                   | 2,955,960                    | -                           | -                             | 2,955,960              |
| Chee Yong FOO                   | 100,000                      | (100,000)                   | -                             | -                      |
| Chee Seng CHO                   | 200,000                      | -                           | -                             | 200,000                |
| William Keng Yaw TAN            | -                            | -                           | -                             | -                      |
| Woon Mee THE                    | -                            | -                           | -                             | -                      |
| Dato' Khamshah Bin Hj Abu Bakar | -                            | -                           | -                             | -                      |

\* Other changes in the year represent off market trades and shares held on appointment/resignation.

There were no shares held nominally at 31 December 2016 (2015: nil).

**Transaction (excluding loans)**

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

**Loans provided by KMP to the Group**

The following information relates to KMP loans made, guaranteed or secured during the reporting year:

|                        | Balance at beginning of year | Movement for the year | Interest charged | Balance at end of year |
|------------------------|------------------------------|-----------------------|------------------|------------------------|
|                        | MYR                          | MYR                   | MYR              | MYR                    |
| Cheng Pheng LOI        | 55,072                       | (30,511)              | -                | 24,561                 |
| Jonathan Yeow Koon LOI | 30,300                       | -                     | -                | 30,300                 |
| Chee Yong FOO          | 3,000                        | (3,000)               | -                | -                      |

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

## Directors' Report

**For the Year Ended 31 December 2016**

### Remuneration report (audited) continued

Had interest been charged on an arm's length basis (7%) the respective charges payable to each key management personnel of the Group, based on the average balance during the financial year, is as follows:

|                        | MYR   |
|------------------------|-------|
| Cheng Pheng LOI        | 2,787 |
| Jonathan Yeow Koon LOI | 2,121 |
| Chee Yong FOO          | 105   |

### Loans provided by the Group to KMP and related entities

The following information relates to loans made to KMP and their related entities, guaranteed or secured during the reporting year:

|                                   | Balance at<br>beginning of<br>year | Movement for<br>the year | Interest<br>charged | Balance at<br>end of year |
|-----------------------------------|------------------------------------|--------------------------|---------------------|---------------------------|
|                                   | MYR                                | MYR                      | MYR                 | MYR                       |
| AdvanceTC Global                  | 25,630                             | 205,7010                 | -                   | 231,330                   |
| Dynacraft Worldwide Inc.          | 204,011                            | (1,000)                  | -                   | 203,011                   |
| AdvanceTC Land Development SdnBhd | -                                  | 3,406                    | -                   | 3,406                     |

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

Had interest been charged on an arm's length basis (7%) the respective charges payable by each key management personnel or their related parties to the Group, based on the average balance during the financial year, is as follows:

|                                   | MYR    |
|-----------------------------------|--------|
| AdvanceTC Global                  | 8,994  |
| Dynacraft Worldwide Inc.          | 14,246 |
| AdvanceTC Land Development SdnBhd | 119    |

### 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 this .....

31 MAR 2017



## AdvanceTC Limited

ACN 600 238 444

### Auditor's Independence Declaration



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Brisbane QLD 4000  
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Australia

#### DECLARATION OF INDEPENDENCE BY D P WRIGHT TO THE DIRECTORS OF ADVANCETC LIMITED

As lead auditor of AdvanceTC Limited for the year ended 31 December 2016, I declare that, to the best of my knowledge and belief, there have been:

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

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

A handwritten signature in black ink, appearing to read 'D P Wright', is written over a light blue rectangular background.

**D P Wright**  
Director

BDO Audit Pty Ltd

Brisbane, 31 March 2017

## **Corporate Governance Statement**

**31 December 2016**

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 committee charters and key corporate governance policies or summaries will be available in the Corporate Governance section of the website at <http://www.advancetc.com/corporate-info.html>.

### **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.

## **Corporate Governance Statement**

**31 December 2016**

### **Allocation of individual responsibilities**

Formal letters of appointment are 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**

No performance evaluation for Directors and Senior Executives has taken place.

### **Appointment of Board Members**

Prior to appointing or putting forward a candidate for election to the Board, based on candidate working experience and resume provided. The Board would appoint candidate who are known to them.

### **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.

## **Corporate Governance Statement**

**31 December 2016**

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 through 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 holds an election of Directors each year at its Annual General Meeting.

### **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:

- Remuneration Committee
- Nomination & 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

## **Corporate Governance Statement**

**31 December 2016**

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 list as below, the Board believes that there are 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 area 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 year 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.

## **Corporate Governance Statement**

**31 December 2016**

### **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 Nomination and Governance Committee will be formed in the 2<sup>nd</sup> half of 2017 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 once formed will responsible to the above tasks.

### **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;

## **Corporate Governance Statement**

**31 December 2016**

- Not knowingly participate in any illegal or unethical activity; and
- Comply with the share trading policy outlined in the Code of Conduct.

### **Principle 4: Safeguard integrity in corporate reporting**

#### **Audit and Risk Committee**

The Board have formed an Audit and Risk Committee. The ultimate responsibility for the integrity of the Company's financial reporting rests with the full Board. The Audit and Risk Committee assists 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.

The members of the Audit & Risk Committee are:

- Chee Tuck Cho (Chairman)
- Chee Seng Cho
- Cheng Pheng Loi

The Audit and Risk Committee reports to the Board after every meeting on all matters relevant to the Committee's roles and responsibilities.

#### **External Auditor**

The External Auditor is invited to attend 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 and 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

## **Corporate Governance Statement**

**31 December 2016**

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 and the 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 "NSX A88" announcement.

The half year and full year financial results are announced to the NSX.

### **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) on 27 May 2016 at 2.00pm Kuala Lumpur time 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



## **Corporate Governance Statement**

**31 December 2016**

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. Assessment of the business's risk profile is reviewed by the Management regularly.

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 review the risk register and discuss any updates in identified risks at each meeting as a standard agenda item.

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 requires 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 is the responsibility of the Audit & Risk 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 a 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 are 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.

## **Corporate Governance Statement**

**31 December 2016**

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; and
- remuneration by gender.

Each member of the Remuneration Committee:

- the would be member of the remuneration committee shall be familiar with the legal and regulatory disclosure requirements in relation to remuneration; and
- shall 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.

## Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 31 December 2016

| <b>Consolidated</b>   |             |                            |                            |
|---|-------------|----------------------------|----------------------------|
|   | <b>NOTE</b> | <b>31 Dec 2016<br/>MYR</b> | <b>31 Dec 2015<br/>MYR</b> |
| Revenue   | 4           | 5,792,679                  | 10,924,160                 |
| Other income  | 4           | 20,376                     | 381,479                    |
| Changes in inventories of finished goods and work in progress |             | (123,299)                  | (344,116)                  |
| Purchases of inventories                                      |             | (1,283,140)                | (3,272,778)                |
| Employee benefits expense                                     |             | (1,072,416)                | (1,145,623)                |
| Depreciation and amortisation expense                         |             | (2,887,958)                | (2,416,040)                |
| Other expenses  | 5           | (4,644,512)                | (3,953,384)                |
| Finance costs   | 5           | (32,722)                   | (20,964)                   |
| Profit/(loss) before Income tax                               |             | (4,230,992)                | 152,734                    |
| Income tax expense  | 6           | (619,153)                  | (359,280)                  |
| Loss for the year   |             | <u>(4,850,145)</u>         | <u>(206,546)</u>           |
| Change comprehensive income/loss for the year, net of tax     |             | -                          | -                          |
| Total comprehensive loss for the year                         |             | <u>(4,850,145)</u>         | <u>(206,546)</u>           |
| Loss attributable to:   |             |                            |                            |
| Members of the parent entity                                  |             | (4,315,748)                | (328,606)                  |
| Non-controlling interest                                      |             | (534,397)                  | 122,060                    |
|   |             | <u>(4,850,145)</u>         | <u>(206,546)</u>           |
| Total comprehensive loss attributable to:                     |             |                            |                            |
| Members of the parent entity                                  |             | (4,315,748)                | (328,606)                  |
| Non-controlling interest                                      |             | (534,397)                  | 122,060                    |
|   |             | <u>(4,850,145)</u>         | <u>(206,546)</u>           |
| Earnings per share  |             | Sen                        | Sen                        |
| From continuing operation                                     |             |                            |                            |
| Basic earnings per share to members of the parent entity      | 17          | (1.2)                      | (0.1)                      |
| Diluted earnings per share to members of the parent entity    | 17          | (1.2)                      | (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 2016

| <b>Consolidated</b>   |             |                            |                            |
|---|-------------|----------------------------|----------------------------|
|   | <b>NOTE</b> | <b>31 Dec 2016<br/>MYR</b> | <b>31 Dec 2015<br/>MYR</b> |
| <b>ASSETS</b>   |             |                            |                            |
| <b>CURRENT ASSETS</b>   |             |                            |                            |
| Cash and cash equivalents   | 8           | 59,348                     | 110,358                    |
| Trade and other receivables                                       | 9           | 6,644,196                  | 8,487,606                  |
| Inventories   | 10          | -                          | 124,541                    |
| <b>TOTAL CURRENT ASSETS</b>                                       |             | <b>6,703,544</b>           | <b>8,722,505</b>           |
| <b>NON-CURRENT ASSETS</b>   |             |                            |                            |
| Property, plant and equipment                                     | 11          | 28,970                     | 45,893                     |
| Intangible assets   | 12          | 3,358,048                  | 8,414,018                  |
| <b>TOTAL NON-CURRENT ASSETS</b>                                   |             | <b>3,387,018</b>           | <b>8,459,911</b>           |
| <b>TOTAL ASSETS</b>   |             | <b>10,090,562</b>          | <b>17,182,416</b>          |
| <b>LIABILITIES</b>  |             |                            |                            |
| <b>CURRENT LIABILITIES</b>  |             |                            |                            |
| Trade and other payables  | 13          | 2,046,170                  | 1,221,561                  |
| Deferred income   | 15          | 37,200                     | 24,700                     |
| Borrowings  | 14          | 91,492                     | 652,111                    |
| Current tax liabilities   | 6           | 978,433                    | 359,280                    |
| <b>TOTAL CURRENT LIABILITIES</b>                                  |             | <b>3,153,295</b>           | <b>2,257,652</b>           |
| <b>NON-CURRENT LIABILITIES</b>                                    |             |                            |                            |
| Trade and other payables  | 13          | 1,030,037                  | 4,134,960                  |
| Deferred income   | 15          | 99,250                     | 86,450                     |
| Borrowings  | 14          | 108,958                    | 154,187                    |
| <b>TOTAL NON-CURRENT LIABILITIES</b>                              |             | <b>1,238,245</b>           | <b>4,375,597</b>           |
| <b>TOTAL LIABILITIES</b>  |             | <b>4,391,540</b>           | <b>6,633,249</b>           |
| <b>NET ASSETS</b>   |             | <b>5,699,022</b>           | <b>10,549,167</b>          |
| <b>EQUITY</b>   |             |                            |                            |
| Issue capital   | 16          | 14,164,707                 | 14,164,707                 |
| Reserves  | 19          | 2,810,654                  | 2,810,654                  |
| Retained earnings   | 18          | (11,786,841)               | (7,471,093)                |
| <b>Total equity attributable to equity holders of the Company</b> |             | <b>5,188,520</b>           | <b>9,504,268</b>           |
| Non-controlling interest  | 19          | 510,502                    | 1,044,899                  |
| <b>TOTAL EQUITY</b>   |             | <b>5,699,022</b>           | <b>10,549,167</b>          |

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 2016

2016

| Note  | Consolidated              |                             |                                  |   |   |              |
|---|---------------------------|-----------------------------|----------------------------------|---|---|--------------|
|   | Ordinary<br>Shares<br>MYR | Retained<br>Earnings<br>MYR | Reorganisation<br>Reserve<br>MYR | Attributable<br>to owners of<br>AdvanceTC<br>Limited<br>MYR | Non-<br>controlling<br>Interests<br>MYR | Total<br>MYR |
| Balance at 1 January 2016   | 14,164,707                | (7,471,093)                 | 2,810,654                        | 9,504,268   | 1,044,899                               | 10,549,167   |
| Profit attributable to members of the Parent entity                   | -                         | (4,315,748)                 | -                                | (4,315,748)   | -                                       | (4,315,748)  |
| Profit attributable to non-controlling members                        | -                         | -                           | -                                | -   | (534,397)                               | (534,397)    |
| Other comprehensive income for the year                               | -                         | -                           | -                                | -   | -                                       | -            |
| Total comprehensive income for the year                               | -                         | (4,315,748)                 | -                                | (4,315,748)   | (534,397)                               | (4,850,145)  |
| Shares issued during the year   | -                         | -                           | -                                | -   | -                                       | -            |
| Reclassification of equity following change in proportionate interest | -                         | -                           | -                                | -   | -                                       | -            |
| Balance at 31 December 2016   | 14,164,707                | (11,786,841)                | 2,810,654                        | 5,188,520   | 510,502                                 | 5,699,022    |

2015

| Note  | Consolidated              |                             |                                  |   |   |              |
|---|---------------------------|-----------------------------|----------------------------------|---|---|--------------|
|   | Ordinary<br>Shares<br>MYR | Retained<br>Earnings<br>MYR | Reorganisation<br>Reserve<br>MYR | Attributable<br>to owners of<br>AdvanceTC<br>Limited<br>MYR | Non-<br>controlling<br>Interests<br>MYR | Total<br>MYR |
| Balance at 1 January 2015   | 8,967,041                 | (7,142,487)                 | 2,964,673                        | 4,789,227   | 768,820                                 | 5,558,047    |
| Loss attributable to members of the parent entity                     | -                         | (328,606)                   | -                                | (328,606)   | -                                       | (328,606)    |
| Profit attributable to non-controlling members                        | -                         | -                           | -                                | -   | 122,060                                 | 122,060      |
| Other comprehensive income/loss for year                              | -                         | -                           | -                                | -   | -                                       | -            |
| Total comprehensive loss for the year                                 | -                         | (328,606)                   | -                                | (328,606)   | 122,060                                 | (206,546)    |
| Shares issued during the year   | 5,197,666                 | -                           | -                                | 5,197,666   | -                                       | 5,197,666    |
| Reclassification of equity following change in proportionate interest | -                         | -                           | (154,019)                        | (154,019)   | 154,019                                 | -            |
| Balance at 31 December 2015   | 14,164,707                | (7,471,093)                 | 2,810,654                        | 9,504,268   | 1,044,899                               | 10,549,167   |

The accompanying notes form part of these financial statements

**AdvanceTC Limited**

ACN 600 238 444

**Statement of Cash Flows**

For the Year Ended 31 December 2016

of the Year Ended 31 December 2016

|  |      | Consolidated       |                    |
|--|------|--------------------|--------------------|
|  | NOTE | 31 Dec 2016<br>MYR | 31 Dec 2015<br>MYR |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>                                       |      |                    |                    |
| Profit (loss) before taxation  |      | (4,230,992)        | 152,734            |
| Adjustments for;   |      |                    |                    |
| Depreciation   |      | 29,172             | 45,064             |
| Amortisation   |      | 2,858,786          | 2,370,977          |
| Impairment on trade receivables  |      | -                  | 1,932              |
| Gain on disposal of intangible assets  |      | -                  | (320,000)          |
| Impairment of development cost   |      | 2,200,000          | 2,200,000          |
| Interest expenses  |      | 27,382             | 20,964             |
| Fair value loss/(gain) on non-current payables                                     |      | 419,289            | 68,804             |
| Inventories written off  |      | 124,541            | 59,854             |
| <b>Cash generated from operations</b>  |      | <b>1,428,478</b>   | <b>4,600,329</b>   |
| (Increase)/decrease in trade and other receivables                                 |      | 1,843,410          | (8,161,864)        |
| (Increase)/decrease in inventories   |      | -                  | 403,970            |
| Increase/(decrease) in trade and other payables                                    |      | (2,699,603)        | (1,834,251)        |
| Increase/(decrease) in deferred revenue  |      | 25,700             | 111,150            |
| <b>Cash flows used in operating activities</b>                                     |      | <b>597,285</b>     | <b>(4,880,666)</b> |
| Interest paid  |      | (27,382)           | (20,964)           |
| <b>Net cash flows used in operating activities</b>                                 |      | <b>569,903</b>     | <b>(4,901,630)</b> |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |      |                    |                    |
| Purchase of property, plant and equipment  |      | (12,249)           | (2,388)            |
| Development expenditure  |      | (2,816)            | (1,887)            |
| <b>Net cash flows used in investing activities</b>                                 |      | <b>(15,065)</b>    | <b>(4,275)</b>     |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>  |      |                    |                    |
| Proceeds from issuance of equity instruments and share application monies received |      | -                  | 5,197,666          |
| (Repayment of)/proceeds from borrowings  |      | (605,848)          | (342,123)          |
| Payment of finance lease liabilities   |      | -                  | (14,511)           |
| <b>Net cash flows from financing activities</b>                                    |      | <b>(605,848)</b>   | <b>4,841,032</b>   |
| <b>Net cash increase/ (decrease) in cash and cash equivalents</b>                  |      | <b>(51,010)</b>    | <b>(64,873)</b>    |
| Cash and cash equivalents at beginning of year                                     |      | 110,358            | 175,231            |
| <b>Cash and cash equivalents at end of the year</b>                                | 8    | <b>59,348</b>      | <b>110,358</b>     |

The accompanying notes form part of these financial statements

## **AdvanceTC Limited**

ACN 600 238 444

# **Notes to the Financial Statements**

For the Year Ended 31 December 2016

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

The principal activities of the Group during the financial year were 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 including its proprietary software and applications services.

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 Group's functional and presentation currency.

The financial report was authorised for issue by the Directors on 31 March 2017.

### **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 applicable, by the measurement at fair value of selected payables.

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

## Notes to the Financial Statements

For the Year Ended 31 December 2016

### 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.

#### *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.

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

#### *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) 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 recognized on transfer of the software licence to the customer and installation of the software. This is deemed to be the point in time when risks and rewards are transferred. Where the terms of the customer contract require that AdvanceTC provide ongoing maintenance support and /or server hosting these elements of the contract are valued independently and deferred over the expected life of the contract.

#### *Sale of software licencing and related services*

Revenue is recognised on transfer of the software licence to the customer and installation of the software. This is deemed to be the point in time when risks and rewards are transferred. Where the terms of the customer contract require that AdvanceTC provide ongoing maintenance support and/or server hosting these elements of the contract are valued independently and deferred over the expected life of the arrangement.



## Notes to the Financial Statements

For the Year Ended 31 December 2016

### 2 Summary of Significant Accounting Policies continued

#### (c) 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 in respect of the taxable profit for the year and is measured at the amount expected to be paid to the taxation authorities, using the tax rates and laws that have been enacted or substantively enacted by the end of the reporting year. Current tax liabilities are measured at the amounts expected to be paid to 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:

- 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 year 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 year.

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 year 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 year 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.

#### (d) 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 year.

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

## Notes to the Financial Statements

For the Year Ended 31 December 2016

### 2 Summary of Significant Accounting Policies continued

#### (d) Leases continued

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 the life of the lease term.

#### (e) 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 year in which they are incurred.

#### (f) 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 cashflows.

#### (g) 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.

#### (h) Property, Plant and Equipment

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

#### 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.

## Notes to the Financial Statements

For the Year Ended 31 December 2016

### 2 Summary of Significant Accounting Policies continued

#### (h) Property, Plant and Equipment continued

##### **Depreciation continued**

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

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

| <b>Fixed asset class</b> | <b>Depreciation rate</b> |
|--------------------------|--------------------------|
| Motor Vehicles           | 20%                      |
| Office Equipment         | 20%                      |
| Computer Equipment       | 20%                      |
| Improvements             | 10%                      |

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

#### (i) 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**

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.

#### (j) 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.

## Notes to the Financial Statements

For the Year Ended 31 December 2016

### 2 Summary of Significant Accounting Policies continued

#### (j) Financial instruments 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 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 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), which are measured at amortised cost using the effective interest rate method.

## Notes to the Financial Statements

### For the Year Ended 31 December 2016

#### 2 Summary of Significant Accounting Policies continued

##### (k) Impairment of Financial Assets

At the end of the reporting year 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 impaired, 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.

##### (l) Impairment of non-financial assets

At the end of each reporting year 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 years for all assets which have suffered an impairment loss, except for goodwill.

##### (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.

## Notes to the Financial Statements

For the Year Ended 31 December 2016

### 2 Summary of Significant Accounting Policies continued

(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 year. 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 Year 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 corporate 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 AASB119.

(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 year. 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 year.

(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 year.

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.

(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.

## Notes to the Financial Statements

For the Year Ended 31 December 2016

### 2 Summary of Significant Accounting Policies continued

(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 year:

- 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 years 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 2016 the Group has generated losses after income tax for the year of MYR 4,850,145 (2015: MYR 206,546), and net cash inflows from operations of MYR 569,903 (2015: outflow MYR 4,901,630)

The ability of the Company to continue as a going concern is dependent upon the Company being able to manage its liquidity requirements by taking some or all of the following actions:

1. Raising additional capital or securing other forms of financing, as and when necessary to meet the levels of expenditure require for the Company to continue to develop the next generation of integrated mobile communication devices and to meet the Company's working capital requirements;
2. Timely collection of trade receivables from two major customers amounting to MYR 1,584,200 and MYR 3,620,713 respectively as discussed further in note 3(b);
3. Reducing its working capital expenditure;
4. Disposing of non-core-assets; and
5. Continued successful sales of Magic Smartphone, and proprietary community software application which with recurring revenue.

These conditions give rise to a material uncertainty which may cast significant doubt over the Company's ability to continue as a going concern.

Notwithstanding the above, the Directors consider it is appropriate to prepare the financial statements on a going concern basis after having regard to the following matters:

1. As at 22 March 2016 MYR 500,000 of trade receivables due at 31 December 2016 have been received by the Company;
2. Certain related parties and other creditors, totalling MYR 1,226,448, have given written assurance that it will not call for the payment of amounts owing until such time as the Company is in a position to pay same from the proceeds of a capital raising, or from its own cash flow. These creditors have agreed to deferred settlement plans for various dates in 2018 and beyond;
3. The Company is currently pursuing capital raising plans to be implemented in the ensuing year, and which include facilitating the current indebtedness to Directors and related parties, which comprise the largest component of the Company's liabilities.

Should the Company be unable to continue as a going concern, it may be required to realise its assets and liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, or to the amount and classification of liabilities that might be required should the Company not be able to achieve the matters set out above and thus be able to continue as a going concern.

## **Notes to the Financial Statements**

For the Year Ended 31 December 2016

### **2 Summary of Significant Accounting Policies continued**

- (t) New, revised or amending Accounting Standards are interpretations adopted

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting year.

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

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

- (v) New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting year ended 30 June 2017. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

#### *AASB 9 Financial Instruments*

This standard is applicable to annual reporting years beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI'). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument as increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures. The consolidated entity will adopt this standard from 1 January 2018 but the impact of its adoption is yet to be assessed by the consolidated entity.

#### *AASB 15 Revenue from Contracts with Customers*

This standard is applicable to annual reporting years beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time and recognition of revenue when each performance obligation is satisfied.

Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgments made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The consolidated entity will adopt this standard from 1 January 2018 but the impact of its adoption is yet to be assessed by the consolidated entity.



## Notes to the Financial Statements

For the Year Ended 31 December 2016

### 2 Summary of Significant Accounting Policies continued

- (v) New Accounting Standards and Interpretations not yet mandatory or early adopted continued

#### *AASB 16 Leases*

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: Leases and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

The main changes introduced by the new Standard include:

- recognition of a right-to-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
- depreciation of right-to-use assets in line with AASB 116: Property, Plant and Equipment in profit or loss and unwinding of the liability in principal and interest components;
- variable lease payments that depend on an index or a rate are included in the initial measurement of the lease liability using the index or rate at the commencement date;
- by applying a practical expedient, a lessee is permitted to elect not to separate non-lease components and instead account for all components as a lease; and
- additional disclosure requirements.

The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108 or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application. Although the directors anticipate that the adoption of AASB 16 will impact the Group's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact

### 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.

#### **(a) Key estimates – impairment of 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 flows 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 12(b) to the consolidated financial statements.

## AdvanceTC Limited

ACN 600 238 444

### Notes to the Financial Statements

For the Year Ended 31 December 2016

#### 3 Critical Accounting Estimates and Judgements continued

##### (b) Key estimates – recoverability of trade receivables

Included in trade receivables at the end of the reporting period is an amount receivable from two major customers amounting to MYR 1,584,200 and MYR 3,620,713 respectively. The receivables are overdue as at 31 December 2016. As at the date of this financial report the Group has received MYR 500,000 from one of the two customers. The Group have held discussions with these customers in relation to settlement. The remaining balances are expected to be settled over the course of the next six months. These two customers are also negotiating further sales and other business arrangements. Based on the historical trading and ongoing negotiations with these debtors, the directors are confident that the full amount of the debt is likely to be recoverable in due course, and therefore no provision for impairment has been made.

##### (c) Key estimates – fair value of payables

Included in trade and other payables and borrowings at the end of the reporting period are a total of MYR 1,945,660 payables measured at fair value used the present value of the expected future cash flows. Management have estimated that the interest rate on similar arms-length transactions would be 6.85% and this has been used as a discount rate.

#### 4 Revenue and other income

|                                       | Consolidated |             |
|---------------------------------------|--------------|-------------|
|                                       | 2016<br>MYR  | 2015<br>MYR |
| Sales revenue                         |              |             |
| - Sales of goods                      | 3,317,979    | 5,235,310   |
| - Software revenue                    | 2,474,700    | 5,688,850   |
|                                       | <hr/>        | <hr/>       |
| Total Revenue                         | 5,792,679    | 10,924,160  |
|                                       | <hr/>        | <hr/>       |
|                                       |              |             |
|                                       | Consolidated |             |
|                                       | 2016<br>MYR  | 2015<br>MYR |
| Other Income                          |              |             |
| Other Income                          | 20,376       | 61,479      |
| Gain on disposal of intangible assets | -            | 320,000     |
|                                       | <hr/>        | <hr/>       |
| Total Other Income                    | 20,376       | 381,479     |
|                                       | <hr/>        | <hr/>       |

## Notes to the Financial Statements

For the Year Ended 31 December 2016

### 5 Results for the Year

The results for the year was derived after charging/ (crediting) the following items

|   | <b>Consolidated</b> |        |
|---|---------------------|--------|
|   | <b>2016</b>         | 2015   |
|   | <b>MYR</b>          | MYR    |
| Finance Costs                                     |                     |        |
| Financial liabilities measured at amortised cost: |                     |        |
| - Interest on obligations under finance lease     | 4,012               | 6,044  |
| - Interest on bank overdrafts and loans           | 23,370              | 9,411  |
|   | <hr/>               | <hr/>  |
| - <b>Total interest expense</b>                   | 27,382              | 15,455 |
|   |                     |        |
| - Other finance costs                             | 5,340               | 5,509  |
|   | <hr/>               | <hr/>  |
| <b>Total finance costs</b>                        | 32,722              | 20,964 |

The result for the year includes the following specific expenses:

|   | <b>Consolidated</b> |           |
|---|---------------------|-----------|
|   | <b>2016</b>         | 2015      |
|   | <b>MYR</b>          | MYR       |
| Cost of sales                               | 1,406,439           | 3,616,894 |
| Other expenses:                             |                     |           |
| Employee benefits expense                   | 1,072,416           | 1,145,623 |
| Depreciation and Amortisation expense       | 2,887,958           | 2,416,040 |
| Impairment of development costs             | 2,200,000           | 2,200,000 |
| Fair value movement on non-current payables | 439,665             | 68,804    |
| Research costs expensed                     | 613,537             | 22,442    |
| Comissions                                  | 300,000             | 102       |
| Consulting fees                             | 529,019             | 636,215   |
| Audit fees                                  | 159,510             | 257,387   |
| Impairment of receivables:                  |                     |           |
| - Doubtful debts                            | -                   | 1,932     |
|   | <hr/>               | <hr/>     |
| Total Impairment of receivables             | -                   | 1,932     |
|   | <hr/>               | <hr/>     |
| Rental expense on operating leases:         |                     |           |
| - Other lease payments                      | 38,500              | 49,000    |

### 6 Income tax expense

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

|                    | <b>Consolidated</b> |         |
|--------------------|---------------------|---------|
|                    | <b>2016</b>         | 2015    |
|                    | <b>MYR</b>          | MYR     |
| Income tax expense | 619,153             | 359,280 |

## Notes to the Financial Statements

For the Year Ended 31 December 2016

### 6 Income tax expense continued

#### (b) Reconciliation of income tax to accounting profit:

|  |             |           |
|--|-------------|-----------|
| Profit/(Loss) before tax   | (4,230,992) | 152,734   |
| Tax rate (weighted average based on 30% in Australia and 24% in Malaysia) (2015: 30% and 25% respectively) | 25%         | 17%       |
|  | (1,055,746) | (25,761)  |
| Add:   |             |           |
| Tax effect of:   |             |           |
| - other non-allowable items  | 1,514,316   | 1,062,592 |
| - non taxable income   | (6,109)     | (78,833)  |
| - utilisation of previously unrecognised tax losses  | -           | (799,970) |
| - deferred tax assets not brought to account   | 166,692     | 201,253   |
| Income tax expense   | 619,153     | 359,280   |
| Weighted average effective tax rate  | (15%)       | 235 %     |

#### (c) Unrecognised deferred tax assets

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

|  | Consolidated |           |
|--|--------------|-----------|
|  | 2016         | 2015      |
|  | MYR          | MYR       |
| Tax losses - Australia   | 1,226,482    | 670,843   |
| Other temporary differences  | 496,426      | 340,656   |
|  | 1,722,908    | 1,011,499 |
| Unrecognised deferred tax assets (weighted average based on 30% in Australia and 24% in Malaysia) (2015: 30% and 25% respectively) | 510,009      | 298,693   |

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

#### (d) Current tax liability

|                      | Consolidated |         |
|----------------------|--------------|---------|
|                      | 2016         | 2015    |
|                      | MYR          | MYR     |
| Opening balance      | 359,280      | -       |
| Income tax provision | 619,153      | 359,280 |
| Payments made        | -            | -       |
| Closing balance      | 978,433      | 359,280 |

**Notes to the Financial Statements**

For the Year Ended 31 December 2016

**7 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 year.

**8 Cash and cash equivalents**

|                        | <b>Consolidated</b> |                |
|------------------------|---------------------|----------------|
|                        | <b>2016</b>         | <b>2015</b>    |
|                        | <b>MYR</b>          | <b>MYR</b>     |
| Cash and bank balances | 59,348              | 110,358        |
|                        | <u>59,348</u>       | <u>110,358</u> |

**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:

|                           | <b>Consolidated</b> |             |
|---------------------------|---------------------|-------------|
|                           | <b>2016</b>         | <b>2015</b> |
|                           | <b>MYR</b>          | <b>MYR</b>  |
| Cash and cash equivalents | 59,348              | 110,358     |

## Notes to the Financial Statements

For the Year Ended 31 December 2016

### 9 Trade and other receivables

|  | <b>Consolidated</b> |                  |
|--|---------------------|------------------|
|  | <b>2016</b>         | 2015             |
|  | <b>MYR</b>          | <b>MYR</b>       |
| <b>CURRENT</b>                                   |                     |                  |
| Trade receivables – Third parties                | 5,207,467           | 7,847,128        |
| Provision for impairment                         | -                   | (1,932)          |
|  | <u>5,207,467</u>    | <u>7,845,196</u> |
| Deposits   | 603,360             | 108,860          |
| Related party receivables                        | 547,063             | 229,641          |
| Other receivables                                | 286,306             | 303,909          |
|  | <u>1,436,729</u>    | <u>642,410</u>   |
| <b>Total current trade and other receivables</b> | <u>6,644,196</u>    | <u>8,487,606</u> |

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

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

#### (a) Impairment of receivables

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

|                                   | <b>Consolidated</b> |              |
|-----------------------------------|---------------------|--------------|
|                                   | <b>2016</b>         | 2015         |
|                                   | <b>MYR</b>          | <b>MYR</b>   |
| Opening balance                   | 1,932               | 276,345      |
| Charge for the financial year:    | -                   | 1,932        |
| Provision utilised                | (1,932)             | (276,345)    |
| <b>Balance at end of the year</b> | <u>-</u>            | <u>1,932</u> |

#### (b) Aged analysis

The ageing analysis of receivables is as follows:

|                                 | <b>Consolidated</b> |                  |
|---------------------------------|---------------------|------------------|
|                                 | <b>2016</b>         | 2015             |
|                                 | <b>MYR</b>          | <b>MYR</b>       |
| Not past due                    | -                   | 3,145,087        |
| 31 + days past due not impaired | 2,500,000           | 4,696,281        |
| 91 + days past due not impaired | 2,707,467           | 3,828            |
| 91 + days considered impaired   | -                   | 1,932            |
|                                 | <u>5,207,467</u>    | <u>7,847,128</u> |

## Notes to the Financial Statements

For the Year Ended 31 December 2016

### 10 Inventories

|                | <b>Consolidated</b> |            |
|----------------|---------------------|------------|
|                | <b>2016</b>         | 2015       |
|                | <b>MYR</b>          | <b>MYR</b> |
| CURRENT        |                     |            |
| At cost:       |                     |            |
| Finished goods | -                   | 124,541    |
|                | <hr/>               | <hr/>      |
|                | -                   | 124,541    |
|                | <hr/>               | <hr/>      |

### 11 Plant and equipment

#### PLANT AND EQUIPMENT

|  | <b>Consolidated</b> |                    |
|--|---------------------|--------------------|
|  | <b>2016</b>         | 2015               |
|  | <b>MYR</b>          | <b>MYR</b>         |
| Motor vehicles                             |                     |                    |
| At cost:                                   | 239,187             | 239,187            |
| Accumulated depreciation                   | (239,187)           | (220,847)          |
| Total motor vehicles                       | <hr/> - <hr/>       | <hr/> 18,340 <hr/> |
| Office equipment                           |                     |                    |
| At cost:                                   | 7,796               | 7,796              |
| Addition                                   | 8,005               | -                  |
| Accumulated depreciation                   | (9,397)             | (7,796)            |
| Total office equipment                     | <hr/> 6,404 <hr/>   | <hr/> - <hr/>      |
| Computer equipment                         |                     |                    |
| At cost:                                   | 125,565             | 125,565            |
| Addition                                   | 4,244               | -                  |
| Accumulated depreciation                   | (122,087)           | (115,719)          |
| Total computer equipment                   | <hr/> 7,722 <hr/>   | <hr/> 9,846 <hr/>  |
| Improvements                               |                     |                    |
| At cost:                                   | 28,620              | 28,620             |
| Accumulated depreciation                   | (13,776)            | (10,913)           |
| Total improvements                         | <hr/> 14,844 <hr/>  | <hr/> 17,707 <hr/> |
| <b>Total property, plant and equipment</b> | <hr/> 28,970 <hr/>  | <hr/> 45,893 <hr/> |

## Notes to the Financial Statements

For the Year Ended 31 December 2016

### 11 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 year:

| Consolidated                          | Motor Vehicles<br>MYR | Office Equipment<br>MYR | Computer Equipment<br>MYR | Improvement<br>MYR | Total<br>MYR  |
|---------------------------------------|-----------------------|-------------------------|---------------------------|--------------------|---------------|
| <b>Year ended 31 December 2016</b>    |                       |                         |                           |                    |               |
| Balance at the beginning of year      | 18,340                | -                       | 9,846                     | 17,707             | 45,893        |
| Additions                             | -                     | 8,005                   | 4,244                     | -                  | 12,249        |
| Depreciation expense                  | (18,340)              | (1,601)                 | (6,369)                   | (2,862)            | (29,172)      |
| <b>Balance at the end of the year</b> | <b>-</b>              | <b>6,404</b>            | <b>7,721</b>              | <b>14,845</b>      | <b>28,970</b> |

| Consolidated                          | Motor Vehicles<br>MYR | Office Equipment<br>MYR | Computer Equipment<br>MYR | Improvements<br>MYR | Total<br>MYR  |
|---------------------------------------|-----------------------|-------------------------|---------------------------|---------------------|---------------|
| <b>Year ended 31 December 2015</b>    |                       |                         |                           |                     |               |
| Balance at the beginning of year      | 55,023                | -                       | 12,978                    | 20,568              | 88,569        |
| Additions                             | -                     | -                       | 2,388                     | -                   | 2,388         |
| Depreciation expense                  | (36,683)              | -                       | (5,520)                   | (2,861)             | (45,064)      |
| <b>Balance at the end of the year</b> | <b>18,340</b>         | <b>-</b>                | <b>9,846</b>              | <b>17,707</b>       | <b>45,893</b> |

#### (b) Leased assets

Motor Vehicles include the following amounts where the Group is a lessee under a finance lease:

|                          | Consolidated |               |
|--------------------------|--------------|---------------|
|                          | 2016<br>MYR  | 2015<br>MYR   |
| Costs                    | 239,187      | 239,187       |
| Accumulated depreciation | (239,187)    | (220,847)     |
| <b>Net book value</b>    | <b>-</b>     | <b>18,340</b> |



## Notes to the Financial Statements

For the Year Ended 31 December 2016

### 12 Intangible Assets

|                                | <b>Consolidated</b> |                  |
|--------------------------------|---------------------|------------------|
|                                | <b>2016</b>         | <b>2015</b>      |
|                                | <b>MYR</b>          | <b>MYR</b>       |
| Development costs              |                     |                  |
| At cost:                       | 8,770,131           | 8,770,131        |
| Additions                      | 2,816               | -                |
| Accumulated amortisation       | (3,137,899)         | (1,721,113)      |
| Accumulated impairment         | (4,400,000)         | (2,200,000)      |
| <b>Net carrying value</b>      | <b>1,235,048</b>    | <b>4,849,018</b> |
| Rights                         |                     |                  |
| At cost:                       | 7,210,000           | 7,210,000        |
| Accumulated amortisation       | (5,087,000)         | (3,645,000)      |
| <b>Net carrying value</b>      | <b>2,123,000</b>    | <b>3,565,000</b> |
| <b>Total Intangible assets</b> | <b>3,358,048</b>    | <b>8,414,018</b> |

#### (a) Movements in carrying amounts of intangible assets

| <b>Consolidated</b>                      | <b>Rights<br/>MYR</b> | <b>Development<br/>costs<br/>MYR</b> | <b>Total<br/>MYR</b> |
|--|-----------------------|--------------------------------------|----------------------|
| <b>Year ended 31 December 2016</b>       |                       |                                      |                      |
| Balance at the beginning of the year     | 3,565,000             | 4,849,018                            | 8,414,018            |
| Additions                                | -                     | 2,816                                | 2,816                |
| Disposal                                 | -                     | -                                    | -                    |
| Amortisation                             | (1,442,000)           | (1,416,786)                          | (2,858,786)          |
| Impairment                               | -                     | (2,200,000)                          | (2,200,000)          |
| <b>Closing value at 31 December 2016</b> | <b>2,123,000</b>      | <b>1,235,048</b>                     | <b>3,358,048</b>     |

| <b>Consolidated</b>                      | <b>Rights<br/>MYR</b> | <b>Development<br/>costs<br/>MYR</b> | <b>Total<br/>MYR</b> |
|--|-----------------------|--------------------------------------|----------------------|
| <b>Year ended 31 December 2015</b>       |                       |                                      |                      |
| Balance at the beginning of the year     | 6,727,000             | 7,936,107                            | 14,663,107           |
| Additions                                | -                     | 1,887                                | 1,887                |
| Disposal                                 | (1,680,000)           | -                                    | (1,680,000)          |
| Amortisation                             | (1,482,000)           | (888,976)                            | (2,370,976)          |
| Impairment                               | -                     | (2,200,000)                          | (2,200,000)          |
| <b>Closing value at 31 December 2015</b> | <b>3,565,000</b>      | <b>4,849,018</b>                     | <b>8,414,018</b>     |

## **Notes to the Financial Statements**

For the Year Ended 31 December 2016

### **12 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 year of three (3) years in accordance with the products' common life expectancies applied in the industry.

(ii) The total units of anticipated sales is 47,400 units, 139,800 units and 210,700 units for the financial years ending 2017, 2018 and 2019 respectively.

(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 year of five (5) years.

## Notes to the Financial Statements

For the Year Ended 31 December 2016

### 13 Trade and other payables

|                             | <b>Consolidated</b> |                  |
|-----------------------------|---------------------|------------------|
|                             | <b>2016</b>         | 2015             |
|                             | <b>MYR</b>          | <b>MYR</b>       |
| CURRENT                     |                     |                  |
| Trade payables (a)          | 273,266             | 506,161          |
| Other payables and accruals | 1,772,904           | 715,400          |
|                             | <u>2,046,170</u>    | <u>1,221,561</u> |

Certain other payables are interest free and stated at fair value. Fair value has been calculated based on an assumed interest rate 6.85% per annum. Refer to note 32 for further disclosures in relation to fair value. The reconciliation is as follows:

|                       | <b>Consolidated</b> |            |
|-----------------------|---------------------|------------|
|                       | <b>2016</b>         | 2015       |
|                       | <b>MYR</b>          | <b>MYR</b> |
| Other payables (b)    | 925,082             | -          |
| Fair value adjustment | (57,682)            | -          |
|                       | <u>867,400</u>      | <u>-</u>   |

|                        | <b>Consolidated</b> |                  |
|------------------------|---------------------|------------------|
|                        | <b>2016</b>         | 2015             |
|                        | <b>MYR</b>          | <b>MYR</b>       |
| NON-CURRENT            |                     |                  |
| Related party payables | -                   | 1,502,934        |
| Other payables         | 1,030,037           | 2,632,026        |
|                        | <u>1,030,037</u>    | <u>4,134,960</u> |

Non-current payables are interest free and stated at fair value. Fair value has been calculated based on an assumed interest rate 6.85% per annum. Refer to note 32 for further disclosures in relation to fair value. The reconciliation is as follows:

|                            | <b>Consolidated</b> |                  |
|----------------------------|---------------------|------------------|
|                            | <b>2016</b>         | 2015             |
|                            | <b>MYR</b>          | <b>MYR</b>       |
| Related party payables (c) | -                   | 1,764,927        |
| Other payables (b)         | 1,171,587           | 3,004,964        |
| Fair value adjustment      | (141,550)           | (634,931)        |
|                            | <u>1,030,037</u>    | <u>4,134,960</u> |

- (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 include in non-current other payables represents shareholders advances, which are unsecured, interest free and payable in two (2) to three (3) years.
- (c) Amounts owing to related parties represents 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 21 to the financial statements.

## Notes to the Financial Statements

For the Year Ended 31 December 2016

### 14 Borrowings

|                                 |      | <b>Consolidated</b> |                     |
|---------------------------------|------|---------------------|---------------------|
|                                 | Note | <b>2016<br/>MYR</b> | <b>2015<br/>MYR</b> |
| CURRENT                         |      |                     |                     |
| Secured liabilities:            |      |                     |                     |
| Lease liabilities (a)           | 20   | 24,309              | 19,653              |
| Term loan (b)                   |      | 67,183              | 632,458             |
| <b>Total current borrowings</b> |      | <b>91,492</b>       | <b>652,111</b>      |

|                                     |      | <b>Consolidated</b> |                     |
|-------------------------------------|------|---------------------|---------------------|
|                                     | Note | <b>2016<br/>MYR</b> | <b>2015<br/>MYR</b> |
| NON-CURRENT                         |      |                     |                     |
| Unsecured liabilities:              |      |                     |                     |
| Amount owing to directors (c)       |      | 48,233              | 74,777              |
|                                     |      | 48,233              | 74,777              |
| Secured liabilities:                |      |                     |                     |
| Lease liabilities (a)               | 20   | 60,725              | 79,410              |
|                                     |      | 60,725              | 79,410              |
| <b>Total non-current borrowings</b> |      | <b>108,958</b>      | <b>154,187</b>      |

(a) Lease liabilities are secured on the assets to which they relate. Refer to Note 11 (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 and stated at fair value.

|                           | <b>Consolidated</b> |                     |
|---------------------------|---------------------|---------------------|
|                           | <b>2016<br/>MYR</b> | <b>2015<br/>MYR</b> |
| Amount owing to directors | 54,861              | 85,372              |
| Fair value adjustment     | (6,628)             | (10,595)            |
|                           | <b>48,223</b>       | <b>74,777</b>       |

## Notes to the Financial Statements

For the Year Ended 31 December 2016

### 15 Deferred Income

|                     | <b>Consolidated</b> |                     |
|---------------------|---------------------|---------------------|
|                     | <b>2016<br/>MYR</b> | <b>2015<br/>MYR</b> |
| Current portion     | 37,200              | 24,700              |
| Non-current portion | 99,250              | 86,450              |
|                     | <u>136,450</u>      | <u>111,150</u>      |

Deferred income represents receipts from software licensing income for ongoing software maintenance and server hosting. Deferred income is recognized in profit or loss upon the commencement of the agreement and is amortised on a straight line basis over five (5) years.

### 16 Issued Capital

|   | <b>Consolidated</b> |                     |
|---|---------------------|---------------------|
|   | <b>2016<br/>MYR</b> | <b>2015<br/>MYR</b> |
| 345,365,182 (2015: 345,365,182) ordinary shares (a) | 10,807,041          | 10,807,041          |
| Share application monies (b)                        | 3,357,666           | 3,357,666           |
|   | <u>14,164,707</u>   | <u>14,164,707</u>   |

#### (a) Ordinary shares

|  | <b>Consolidated</b> |                     |
|--|---------------------|---------------------|
|  | <b>2016<br/>No.</b> | <b>2015<br/>No.</b> |
| At the beginning of the reporting year | 345,365,182         | 300,317,550         |
| Shares issued during the year          | -                   | 45,047,632          |
|  | <u>345,365,182</u>  | <u>345,365,182</u>  |

#### (b) Share application monies

|  | <b>Consolidated</b> |                      |
|--|---------------------|----------------------|
|  | <b>2016<br/>MYR</b> | <b>2015<br/>MYR.</b> |
| At the beginning of the reporting year | 3,357,666           | 2,960,690            |
| Shares application monies received     | -                   | 5,357,666            |
| Transferred to share capital on issue  | -                   | (4,800,690)          |
| Reversal to creditors                  | -                   | (160,000)            |
|  | <u>3,357,666</u>    | <u>3,357,666</u>     |

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.

### Capital Management.

Management controls the capital of the Group in order to provide capital growth to shareholders and ensure the Group can fund its operations and continue as a going concern. The Group's capital comprises equity as shown on the statement of financial position. There are no externally imposed capital requirements. Management effectively manages the Group's capital by assessing the Group's financial risk and adjusting its capital structure in response to changes in these risks and the market. These responses include the management of share issues. There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year.

## Notes to the Financial Statements

For the Year Ended 31 December 2016

### 17 Earnings per Share

(a) Earnings used to calculate overall earnings per share

|   | <b>2016<br/>MYR</b> | <b>Consolidated<br/>2015<br/>MYR</b> |
|---|---------------------|--------------------------------------|
| Earnings used to calculate overall earnings per share | <u>(4,315,748)</u>  | <u>(328,606)</u>                     |

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

|  | <b>2016<br/>MYR</b> | <b>Consolidated<br/>2015<br/>MYR</b> |
|--|---------------------|--------------------------------------|
| Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS | <u>345,365,182</u>  | <u>316,329,916</u>                   |

### 18 Retained Earnings

|  | <b>2016<br/>MYR</b> | <b>Consolidated<br/>2015<br/>MYR</b> |
|--|---------------------|--------------------------------------|
| Retained earnings (accumulated losses)                         |                     |                                      |
| At the beginning of the financial year                         | (7,471,093)         | (7,142,487)                          |
| Loss for the year attributable to members of the parent entity | <u>(4,315,748)</u>  | <u>(328,606)</u>                     |
| <b>Retained earnings at end of the financial year</b>          | <u>(11,786,841)</u> | <u>(7,471,093)</u>                   |

### 19 Reserves and non-controlling interest

(i) *Change in Proportionate Interest Reserve*

The change in proportionate interest reserve is used to recognize differences between the amount by which non-controlling interests are adjusted and any consideration paid or received which may arise as a result of transactions with non-controlling interests that do not result in a loss of control.

Movements in the reorganization reserve are as follows:

|   | <b>2016<br/>MYR</b> | <b>Consolidated<br/>2015<br/>MYR</b> |
|---|---------------------|--------------------------------------|
| Balance at 1 January  | 2,810,654           | 2,964,673                            |
| Reclassification of equity following change in proportionate interest | <u>-</u>            | <u>(154,019)</u>                     |
|   | <u>2,810,654</u>    | <u>2,810,654</u>                     |

(ii) *Non-Controlling Interests*

Non-controlling interests are allocated their share of net profit after tax in the statement of comprehensive income and presented within equity in the consolidated statement of financial position, separately from the equity of the owners of the parent. Losses are attributed to the non-controlling interest even if that results in a deficit balance.

**Notes to the Financial Statements**

For the Year Ended 31 December 2016

**20 Capital and Leasing Commitments****(a) Finance Leases**

|   | <b>Consolidated</b> |                     |
|---|---------------------|---------------------|
|   | <b>2016<br/>MYR</b> | <b>2015<br/>MYR</b> |
| Minimum lease payments:                 |                     |                     |
| - Not later than one year               | 24,309              | 23,699              |
| - between one year and five years       | 78,603              | 83,549              |
| - Later than five years                 | 3,086               | 3,086               |
| Minimum lease payments                  | 105,998             | 110,334             |
| Less: finance charges                   | (20,964)            | (11,271)            |
| Present value of minimum lease payments | 85,034              | 99,063              |

**(b) Operating Leases**

There were property rental on office premises at MYR2,500/month during the year ended 31 December 2016, until option of purchase of premises is exercised.

**(c) Contracted Commitments**

Contracted commitments for:

| <b>Company</b>  | <b>2016<br/>MYR</b> | <b>2015<br/>MYR</b> |
|---|---------------------|---------------------|
| Capital expenditure in respect of purchase of property, plant and equipment |                     |                     |
| Contracted but not provided for   | -                   | 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.

**Objectives, policies and processes**

Risk management is carried out by the Group's Audit and Risk Committee under the delegated power from the Board of Directors. The Head of Finance 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 Audit and Risk 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.

**Notes to the Financial Statements**

For the Year Ended 31 December 2016

**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            |                  |
|----------------------------|----------------------------|------------------|------------------|------------------|-------------------|--------------|------------------|------------------|
|                            | 2016<br>MYR                | 2015<br>MYR      | 2016<br>MYR      | 2015<br>MYR      | 2016<br>MYR       | 2015<br>MYR  | 2016<br>MYR      | 2015<br>MYR      |
| Lease liabilities          | 24,309                     | 23,699           | 78,603           | 83,549           | 3,086             | 3,086        | 105,998          | 110,334          |
| Term loan                  | 67,184                     | 632,458          | -                | -                | -                 | -            | 67,184           | 632,458          |
| Amounts owing to directors | -                          | -                | 54,861           | 85,372           | -                 | -            | 54,861           | 85,372           |
| Trade and other payables   | 2,103,852                  | 1,221,561        | 1,171,587        | 3,004,964        | -                 | -            | 3,275,439        | 4,226,525        |
| Related party payables     | -                          | -                | -                | 1,764,927        | -                 | -            | -                | 1,764,927        |
| <b>Total</b>               | <b>2,195,345</b>           | <b>1,877,718</b> | <b>1,305,051</b> | <b>4,938,812</b> | <b>3,086</b>      | <b>3,086</b> | <b>3,503,482</b> | <b>6,819,616</b> |

**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



## Notes to the Financial Statements

For the Year Ended 31 December 2016

### 21 Financial risk management continued

#### (a) **Market risk-Cashflow interest rate sensitivity**

##### **(i) Interest rate risk**

The Group is not exposed to material interest rate risk as funds are borrowed at fixed rates.

##### **(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 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 counterparty 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 year is generally for a year of one (1) month, extending up to two (2) 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. At 31 December 2016 99.8% of trade receivables were due from two (2) major customers. As at the date of this report 15% of these balances have been received. The Group expects to recover the remaining balance in full in due course.

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.

#### **Exposure to credit risk**

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

#### **Credit concentration profile**

As at the end of the reporting year, amounts owing by two (2) major customers of the Group represented 99.95% (MYR 5,204,913) (2015: 99.8% MYR 7,834,083) of total trade receivables of the Group. There is no other 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 9 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.

**Notes to the Financial Statements**

For the Year Ended 31 December 2016

**22 Dividends**

There were no dividends paid or recommended during the year or since the end of the year. 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 year is shown below:

|                              | <b>2016<br/>MYR</b> | <b>2015<br/>MYR</b> |
|------------------------------|---------------------|---------------------|
| Short-term employee benefits | <u>783,034</u>      | <u>867,378</u>      |

**Other key management personnel transactions**

For details of other transactions with key management personnel, refer to Note 27: Related Party Transaction.

**24 Remuneration of Auditors**

|   | <b>2016<br/>MYR</b>   | <b>Consolidated<br/>2015<br/>MYR</b> |
|---|-----------------------|--------------------------------------|
| Remuneration of the auditor of the parent entity,<br>BDO Audit Pty Ltd for:   |                       |                                      |
| Remuneration of the auditor of the parent entity.<br>BDO Audit Pty Ltd, for auditing or reviewing the financial<br>Statements | 159,149               | 257,387                              |
| Remuneration of related auditors of subsidiaries for:   |                       |                                      |
| - Auditing or reviewing the financial statements of<br>subsidiaries   | <u>70,927</u>         | <u>108,337</u>                       |
| Total   | <u><u>230,076</u></u> | <u><u>365,724</u></u>                |

## Notes to the Financial Statements

For the Year Ended 31 December 2016

### 25 Controlled Entities and Transactions with Non-Controlling Interests

#### (a) Composition of the Group

|                                     | Principal place of<br>business / Country of<br>Incorporation | Percentage<br>Owned(%)*<br>2016 | Percentage<br>Owned(%)*<br>2015 |
|-------------------------------------|--|---------------------------------|---------------------------------|
| <b>Subsidiaries:</b>                |  |                                 |                                 |
| AdvanceTC Sdn Bhd                   | Malaysia   | 100                             | 100                             |
| Advance Tech Communications Sdn Bhd | Malaysia   | 87                              | 87                              |

The subsidiary of the Group that has non-controlling interest ("NCI") is as follows:

|  | 2016             | 2015             |
|--|------------------|------------------|
| <b>Advance Tech Communications Sdn Bhd</b>               |                  |                  |
| NCI percentage of ownership interest and voting interest | 12.8%            | 12.8%            |
| Carrying amount of NCI                                   | <u>510,502</u>   | <u>1,044,899</u> |
| Profit allocated to NCI                                  | <u>(534,397)</u> | <u>122,060</u>   |

#### (b) Transactions with Non-Controlling Interests

The effect of changes in the ownership interest of the above subsidiaries (for which control was not lost) on the equity attributable to owners of AdvanceTC Limited during the year is summarised as follows:

|  | 2016     | 2015      |
|--|----------|-----------|
| Increase in non-controlling interests following a change in proportionate interest | -        | 154,019   |
| Reduction in reorganisation reserve following a change in proportionate interest   | -        | (154,019) |
| Net change in equity   | <u>-</u> | <u>-</u>  |

## Notes to the Financial Statements

For the Year Ended 31 December 2016

### 25 Controlled Entities and Transactions with Non-Controlling Interests continued

#### (c) Summarised Financial Information

The summarized financial information before intra-group elimination of the subsidiary that has non-controlling interests as at the end of the reporting year is as follows:

| <b>Advance Tech Communications Sdn Bhd</b>                                   | <b>2016<br/>MYR</b> | <b>2015<br/>MYR</b> |
|--|---------------------|---------------------|
| <b>Summarised statement of financial position</b>                            |                     |                     |
| Non-current assets   | 3,387,019           | 8,459,911           |
| Current assets   | 8,062,557           | 10,070,742          |
| Current liabilities  | (2,769,132)         | (2,008,102)         |
| Non-current liabilities  | (4,698,405)         | (8,371,034)         |
| Net assets   | 3,982,039           | 8,151,517           |
| <b>Summarised statement of profit or loss and other comprehensive income</b> |                     |                     |
| Revenue and other income   | 5,792,693           | 11,689,676          |
| Expenses   | (9,343,018)         | (10,247,275)        |
| Profit/(loss) before income tax expense                                      | (3,550,325)         | 1,442,401           |
| Income tax expense   | (619,153)           | (359,280)           |
| Profit/(loss) after income tax expense                                       | (4,169,478)         | 1,083,121           |
| Other comprehensive income   | -                   | -                   |
| Total comprehensive income   | (4,169,478)         | 1,083,121           |
| <b>Summarised statement of cash flows</b>                                    |                     |                     |
| Cash flows used in operating activities                                      | 543,358             | (4,901,630)         |
| Cash flows used in investing activities                                      | (15,065)            | (4,275)             |
| Cash flows used in financing activities                                      | (579,303)           | 4,841,032           |
| Net increase/(decrease) in cash and cash equivalents                         | (51,040)            | (64,873)            |

**Notes to the Financial Statements**

For the Year Ended 31 December 2016

**26 Contingencies**

In the opinion of the Directors, the Company did not have any contingencies at 31 December 2016 (31 December 2015: None).

**27 Related Parties Transactions****(a) The Group's main related parties are as follows:***(i) Entities exercising control over the Group:*

The Ultimate parent entity that exercises control over the Group is AdvanceTC Limited, which is incorporated in Australia.

*(ii) 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. Refer to the Audited Remuneration Report within the Directors Report for disclosure.

*(iii) Other related parties:*

Other related parties include entities over which key management personnel have joint control.

**(b) Transactions with other related parties:**

Transactions between other related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. In the financial statements for the year ended 31 December 2015, certain related party transactions were not disclosed. Management have determined that this omission was done in error. Full details of related party transactions for the period ended 31 December 2016 and comparative information for the year ended 31 December 2015 has been provided below in order to remedy the previous omission.

The following transactions occurred with related parties:

*(i) Other related parties*

|   | <b>2016<br/>MYR</b> | 2015<br>MYR |
|---|---------------------|-------------|
| Purchase of goods and services:   |                     |             |
| Payments made for research and development  | 405,000             | -           |
| Sales of goods and services:  |                     |             |
| Sales of billboard rights to Top ATC Industries Sdn Bhd                                 | -                   | 2,000,000   |
| Management fees received from Top ATC Industries Sdn Bhd                                | -                   | 60,000      |
| Payments made for salaries of employees and KMP on behalf of Top ATC Industries Sdn Bhd | 299,471             | 168,000     |

# Notes to the Financial Statements

For the Year Ended 31 December 2016

## 27 Related Parties continued

### (c) Amounts outstanding from related parties:

|  | 2016<br>MYR | 2015<br>MYR |
|--|-------------|-------------|
| Trade and other receivables:   |             |             |
| Unsecured loans are made to other related parties on terms that are not considered to be at arm's length basis. Repayment terms are not set for these loans. No interest is payable. |             |             |
| (i) Loans to Dynacraft Worldwide Inc. (a company domiciled in Samoa with common directors):  |             |             |
| Beginning of the year  | 204,011     | -           |
| Loan advanced  | 220,000     | 204,011     |
| Loan repayment received  | (221,000)   | -           |
| Interest charged   | -           | -           |
| Interest received  | -           | -           |
| End of the year  | 203,011     | 204,011     |
| (ii) Loans to AdvanceTC Global Limited (a company domiciled in Hong Kong with common directors):   |             |             |
| Beginning of the year  | 25,630      | -           |
| Loan advanced  | 205,700     | 25,630      |
| Loan repayment received  | -           | -           |
| Interest charged   | -           | -           |
| Interest received  | -           | -           |
| End of the year  | 231,330     | 25,630      |
| (iii) Receivable from Top ATC Industries Sdn Bhd (a company domiciled in Malaysia with common directors):  |             |             |
| Beginning of the year  | -           | -           |
| Loan advanced  | 109,316     | -           |
| Loan repayment received  | -           | -           |
| Interest charged   | -           | -           |
| Interest received  | -           | -           |
| End of the year  | 109,316     | -           |
| (iv) Receivable from AdvanceTC Land Development Sdn Bhd (a company domiciled in Malaysia with common directors):   |             |             |
| Beginning of the year  | -           | -           |
| Loan advanced  | 3,406       | -           |
| Loan repayment received  | -           | -           |
| Interest charged   | -           | -           |
| Interest received  | -           | -           |
| End of the year  | 3,406       | -           |
| Total related party receivables (refer note 9)   | 547,063     | 229,641     |

There have been no provisions for impairment raised against these receivables. In the view of Directors the amounts will be recovered in full.

## Notes to the Financial Statements

For the Year Ended 31 December 2016

### 27 Related Parties continued

#### (d) Amounts payable to related parties:

|  | 2016<br>MYR   | 2015<br>MYR      |
|--|---------------|------------------|
| Trade and other payables:  |               |                  |
| Unsecured, at-call loans are provided by the directors and other related parties on terms that are not considered to be at arm's length basis. Repayment terms are not set for these loans. No interest is payable |               |                  |
| (i) Loans from Directors:  |               |                  |
| Beginning of the year  | 85,372        | 194,966          |
| Loan advanced  | 5,000         | 335,000          |
| Loan repayment received  | (35,511)      | (444,594)        |
| Interest charged   | -             | -                |
| Interest received  | -             | -                |
| End of the year (refer note 14)  | <u>54,861</u> | <u>85,372</u>    |
| (i) Loans from Top ATC Industries Sdn Bhd  |               |                  |
| Beginning of the year  | 1,764,927     | 2,365,225        |
| Loan advanced  | 1,288,519     | 2,543,741        |
| Loan repayment received  | (3,053,446)   | (3,144,039)      |
| Interest charged   | -             | -                |
| Interest received  | -             | -                |
| End of the year (refer note 13)  | <u>-</u>      | <u>1,764,927</u> |

Top ATC Industries Sdn Bhd is a company with common directors, being Messrs CP Loi, J Loi and GK Lee.

Dynacraft Worldwide Inc is a company with common directors, being Messrs CP Loi and J Loi.

AdvanceTC Global Limited is a company with common directors, being Messrs CP Loi and J Loi.

Loans from Directors represent funds provided by Messrs CP Loi and J Loi.

### 28 Cash Flow Information

#### (a) Non-cash financing and investing activities

|  | 2016<br>MYR | Consolidated<br>2015<br>MYR |
|--|-------------|-----------------------------|
| Purchase of Billboard Rights, offset against revenue | -           | -                           |
| Creditors settled in shares                          | -           | -                           |
| Sales of billboard rights                            | -           | (2,000,000)                 |

### 29 Events occurring after the reporting date

No matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operation of the Group, the results of those operations, or the state of affairs of the Group in future financial years. Currently a number of funding options are being explored and are expected to provide the necessary working capital to allow the company to meet its obligations and realize its assets in the ordinary course of business.

**Notes to the Financial Statements**

For the Year Ended 31 December 2016

**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, Advance TC 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 less accumulated impairment in the financial statements of the parent entity.

|   | <b>Consolidated</b> |                    |
|---|---------------------|--------------------|
|   | <b>2016</b>         | 2015               |
|   | <b>MYR</b>          | <b>MYR</b>         |
| Statement of Financial Position                                   |                     |                    |
| <b>Assets</b>   |                     |                    |
| Non-current assets  | 2,700,000           | 12,701,788         |
| Total Assets  | <u>2,700,000</u>    | <u>12,701,788</u>  |
| <b>Liabilities</b>  |                     |                    |
| Current liabilities   | (382,044)           | (245,520)          |
| Total Liabilities   | <u>(382,044)</u>    | <u>(245,520)</u>   |
| <b>Equity</b>   |                     |                    |
| Issue capital   | 14,164,707          | 14,164,707         |
| Retained earnings   | (11,846,751)        | (1,708,437)        |
| Total Equity  | <u>2,317,956</u>    | <u>12,456,270</u>  |
| <b>Statement of Profit or Loss and Other Comprehensive Income</b> |                     |                    |
| Total profit or loss for the year                                 | (10,138,314)        | (1,278,899)        |
| Other comprehensive income  | -                   | -                  |
| <b>Total comprehensive income</b>                                 | <u>(10,138,314)</u> | <u>(1,278,899)</u> |

(a) The parent company has no commitments as at 31 December 2016

(b) The parent company has no contingencies as at 31 December 2016

(c) The parent company has not provided any guarantees to its subsidiaries as at 31 December 2016.

**31 Company details**

The registered office and principal place of business of the Company is:

AdvanceTC Limited  
Level 12, Grosvenor Place  
225 George Street  
SYNEY NSW 2000  
Australia



## Notes to the Financial Statements

For the Year Ended 31 December 2016

### 32 Fair value Measurements

The Group measures and recognises the following assets and liabilities at fair value on a recurring basis after initial recognition:

- other payables;
- loans from related parties;
- loans from directors;

#### a. Fair Value Hierarchy

AASB 13: *Fair Value Measurement* requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

| Level 1  | Level 2  | Level 3   |
|--|--|---|
| Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. | Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. | Measurements based on unobservable inputs for the asset or liability. |

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

#### Valuation techniques

The Group selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Group are consistent with one or more of the following valuation approaches:

- *Market approach*: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.
- *Income approach*: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.
- *Cost approach*: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Group gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

## Notes to the Financial Statements

For the Year Ended 31 December 2016

### 32 Fair value Measurements continued

The following tables provide the fair values of the Group's assets and liabilities measured and recognised on a recurring basis after initial recognition and their categorisation within the fair value hierarchy:

| 31 December 2016                           |      |                  |                  |                  |                |
|--|------|------------------|------------------|------------------|----------------|
|  | Note | Level 1<br>\$000 | Level 2<br>\$000 | Level 3<br>\$000 | Total<br>\$000 |
| Recurring fair value measurements          |      |                  |                  |                  |                |
| <i>Financial liabilities</i>               |      |                  |                  |                  |                |
| Related party payables                     | 13   | -                | -                | -                | -              |
| Other payables                             | 13   | -                | -                | 1,897,437        | 1,897,437      |
| Amount owing to directors                  | 14   | -                | -                | 48,223           | 48,223         |
| Total liabilities recognised at fair value |      | -                | -                | 1,945,660        | 1,945,660      |

| 31 December 2015                                  |      |                  |                  |                  |                |
|---|------|------------------|------------------|------------------|----------------|
|   | Note | Level 1<br>\$000 | Level 2<br>\$000 | Level 3<br>\$000 | Total<br>\$000 |
| <i>Financial liabilities</i>                      |      |                  |                  |                  |                |
| Related party payables                            | 13   | -                | -                | 1,502,934        | 1,502,934      |
| Other payables                                    | 13   | -                | -                | 2,632,026        | 2,632,026      |
| Amount owing to directors                         | 14   | -                | -                | 74,777           | 74,777         |
| <b>Total liabilities recognised at fair value</b> |      | -                | -                | 4,209,737        | 4,209,737      |

#### b. Valuation Techniques and Unobservable Inputs Used to Measure Level 3 Fair Values

##### Related party, director loans and other payables

A number of advances from related parties and shareholders have been provided and are unsecured, interest free and following renegotiation during the year have fixed repayment timeframes. The creditors in question have provided written assurances that they will not call on repayment of the amounts owed for periods of between 2 and 4 years. The fair value of the payables is measured using a discounted cash flow methodology and determined based on the expected future cash flows for repayment. The discount rate used is based on a market interest rate payable on similar unsecured advances.

The following table provides quantitative information regarding the significant unobservable inputs, the ranges of those inputs and the relationships of unobservable inputs to the fair value measurement:

##### Significant Unobservable Inputs Used

Discount rate (risk adjusted) – 6.85%

##### Estimated Sensitivity of Fair Value Measurement to Changes in Unobservable Inputs

If discount rate is 0.1% (10 bps) higher/lower, the fair value would increase/decrease by MYR 2,832

##### Valuation processes

There has been no change in the valuation technique used to measure the fair value of the non-current trade and other payables.

There were no significant interrelationships between the unobservable inputs that could materially affect the fair value of the payables.

**Notes to the Financial Statements**

For the Year Ended 31 December 2016

**32 Fair value Measurements continued****c. Reconciliation of Recurring Level 3 Fair Value Measurements**

|   | <b>Related party<br/>payables<br/>MYR</b> | <b>Other payables<br/>MYR</b> | <b>Amounts owing<br/>to directors<br/>MYR</b> |
|---|---|-------------------------------|---|
| Balance at the beginning of the year                        | 1,502,934                                 | 2,632,026                     | 74,777  |
| Additions during the year                                   | 1,007,073                                 | 128,343                       | 5,000   |
| Gains/(losses) recognised in profit or loss during the year | 261,992                                   | 162,328                       | 3,957   |
| Settlements during the year                                 | (2,771,999)                               | (1,025,260)                   | (35,511)                                      |
| Balance at the end of the year                              | -   | 1,897,437                     | 48,223  |

There were no transfers between Level 2 and Level 3 for liabilities measured at fair value on a recurring basis during the reporting period (2015: no transfers).

## AdvanceTC Limited

ACN 600 238 444

### Directors' Declaration

The directors of the Company declare that:

1. The financial statements and notes for the year ended 31 December 2016 are in accordance with the Corporations Act 2001 and:
  - a. comply with Australia Accounting Standards, which, as stated in note 1 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 year have been properly maintained in accordance with section 286 of the Corporations Act 2001.
  - b. the financial statements and notes for the financial year comply with the Australian Accounting Standards; and
  - c. the financial statements and notes for the financial year 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 PhengLOI

Dated     **3 1 MAR 2017**

## INDEPENDENT AUDITOR'S REPORT

To the members of AdvanceTC Limited

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of AdvanceTC Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2016, 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 year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

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

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2016 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### Basis for opinion

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

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

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

#### Material uncertainty related to going concern

We draw attention to Note 2(s) in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the group's ability to continue as a going concern and therefore the group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

#### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

### Recoverability of development costs

| <i>Key audit matter</i>   | <i>How the matter was addressed in our audit</i>   |
|---|--|
| <p>The Group has capitalised development costs of \$1,235,048 as at 31 December 2016 as disclosed in note 12 to the financial statements. This represents a significant asset of the Group and the recoverability assessment in relation to development costs involves significant judgement.</p> <p>As a result, we were required to critically evaluate the assessment of impairment of this significant asset.</p> | <p>We enquired if any impairment indicators have been identified across the Group's development projects.</p> <p>We obtained the discounted cash flow model prepared by the entity to assess impairment. During the course of our audit, among other testing, we:</p> <ul style="list-style-type: none"> <li>• Made enquiries and obtained supporting evidence in relation to the business plan and the commercialisation process for the Group's projects</li> <li>• Reviewed the cash flow forecasts provided by management and challenged the assumptions therein in to ensure consistency with the stated business and operational objectives, and checked the calculation to ensure the accuracy of the underlying financial data</li> <li>• Applied sensitivity analysis to the key inputs such as revenue and the discount factor.</li> </ul> |

### Recoverability of trade receivables

| <i>Key audit matter</i>   | <i>How the matter was addressed in our audit</i>  |
|---|---|
| <p>The Group has trade receivables of MYR 5,204,913 from two customers. These receivables are overdue as at 31 December 2016, as disclosed in note 9(b) to the financial statements. This represents a significant asset of the Group, and the recoverability assessment in relation to this trade receivable involves significant judgement, as disclosed in note 3(b).</p> <p>As a result the recoverability of these trade receivables was a key focus area for our audit.</p> | <p>We have critically evaluated the assessment of the recoverability of this trade receivable including:</p> <ul style="list-style-type: none"> <li>• Vouching of post year end receipts totalling MYR 500,000 from one customer</li> <li>• Reviewing correspondence between the Group and the customers regarding settlement of the debt in full</li> <li>• Reviewing the payment history over the course of the receivable to ensure it is consistent with the sighted correspondence.</li> </ul> |

## Related parties

| <i>Key audit matter</i>   | <i>How the matter was addressed in our audit</i>   |
|---|--|
| The Group has a number of transactions with related parties as disclosed in note 27 to the financial statements.  | We have vouched the terms and conditions of the related party transactions to ensure that the correct accounting treatment has been applied.   |
| Complex judgements in relation to recognition, measurement, presentation and disclosure of these transactions have been made, including the determination of whether these transactions were equivalent to similar arm's length transactions. | <p>For those transactions not considered to be at arms-length, we have challenged management's valuation assumptions and applied sensitivity analysis to assess the impact of a reasonably expected change in the key assumption on the financial report.</p> <p>We reviewed the disclosure in note 27 in relation to the related party transactions and balances, and in note 32 in relation to the fair value measurement to ensure they are in line with Australian Accounting Standards.</p> |

## Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 31 December 2016, but does not include the financial report and the auditor's report thereon.

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

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

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

## Responsibilities of the directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.



## Auditor's responsibilities for the audit of the Financial Report

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

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

[http://www.auasb.gov.au/auditors\\_files/ar2.pdf](http://www.auasb.gov.au/auditors_files/ar2.pdf)

This description forms part of our auditor's report.

## Report on the Remuneration Report

### Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 9 to 14 of the directors' report for the year ended 31 December 2016.

In our opinion, the Remuneration Report of AdvanceTC Limited, for the year ended 31 December 2016, complies with section 300A of the *Corporations Act 2001*.

### Responsibilities

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.

### BDO Audit Pty Ltd

Damian Wright  
Director  
Brisbane, 31 March 2017



## AdvanceTC Limited

ACN 600 238 444

## Additional Information for Listed Public Companies

31 December 2016

### 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 31 December 2016.

### Substantial shareholders

The substantial shareholders are set out below:

| Shareholders           | %    |
|------------------------|------|
| Jonathan Yeow Koon LOI | 20.1 |
| Chi Yin Simon WONG     | 13.3 |
| Cheng Pheng LOI        | 11.6 |

### 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         | 55         | 45,850             | 0.01%          |
| 1,001 -5,000     | 53         | 169,315            | 0.05%          |
| 5,001 -10,000    | 22         | 188,038            | 0.05%          |
| 10,001-100,000   | 51         | 2,651,925          | 0.77%          |
| 100,001 and over | 84         | 342,310,054        | 99.12%         |
|                  | <b>265</b> | <b>345,365,182</b> | <b>100.00%</b> |

## AdvanceTC Limited

ACN 600 238 444

### Additional Information for Listed Public Companies

31 December 2016

#### Top 20 holders of quoted ordinary shares

|                                | Ordinary shares |                    |
|--------------------------------|-----------------|--------------------|
|                                | Number held     | % of issued shares |
| JONATHAN LOI YEOW KOON         | 69,549,840      | 20.1%              |
| CHI YIN SIMON WONG             | 46,000,000      | 13.3%              |
| LOI CHENG PHENG                | 40,192,540      | 11.6%              |
| AHMAD GHITI BIN MOHD DAUD      | 19,423,730      | 5.6%               |
| AZAH BINTI MD KHALID           | 19,423,730      | 5.6%               |
| YONG LOONG CHEN                | 16,400,000      | 4.7%               |
| BVMALLS HONG KONG LIMITED      | 15,000,000      | 4.3%               |
| SOON CHAR BOW @ SOON WAN CHING | 9,397,950       | 2.7%               |
| HAN PEIR LOW                   | 6,800,000       | 2.0%               |
| SOON WAN CHING                 | 6,252,000       | 1.8%               |
| MON SPACE (M) SDN BHD          | 5,750,000       | 1.7%               |
| CHANG TIAM HOCK                | 5,641,550       | 1.6%               |
| YEONG KOK WAH                  | 4,900,000       | 1.4%               |
| WONG SIEW YIN                  | 4,100,000       | 1.2%               |
| NG GUAT CHOO                   | 3,800,000       | 1.1%               |
| LEE GIM KHEONG                 | 3,280,000       | 0.9%               |
| CHO CHEE TUCK                  | 2,955,960       | 0.9%               |
| OOI CHEE WEY                   | 2,732,475       | 0.8%               |
| HAU MUN MENG                   | 2,700,000       | 0.8%               |
| KHAMSHAH & PARTNERS            | 2,671,165       | 0.8%               |
| Total number of securities     | 286,970,940     | 83.1%              |

#### Unissued equity securities

There are no unissued equity securities

#### Securities exchange

The Company is listed on the National Stock Exchange of Australia