

**Appendix 3**  
**Half-Year Report**

**1. Company details**

Name of entity:	AdvanceTC Limited
ABN:	600 238 444
Reporting period:	For the half-year ended 30 June 2019
Previous period:	For the half-year ended 30 June 2018

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**2. Corporate Overview**

I am extremely pleased to report that our innovation, the world's first Satellite Android Smart Phone, a multimode device, is now ready for commercial sales in October. In the fourth quarter of this year, we will launch new product's X5 and X8 which will combine to vastly uplift the company's income and financial result for this year and beyond.

We anticipate the current X7, complemented by new product X5 and X8, will contribute improve revenue for the second half of 2019 based on our estimated shipment and sales for the products.

In the next 3 years we will see an increase in uptake of satellite communication mobile devices due to its improved performance, cost and service fees as a result of technology advancement. Terrestrial cellular devices could not cover fragmented low population density market regions, due to high tower costs. Satellite communication services on the other hand, has almost 98% global coverage.

We anticipate the new trend. We pioneer the design and development of extremely cost effective and improved outlook satellite handsets and its services with a combined android smart phone feature. Our X5 is designed to provide even more cost effective Satellite smart phone multimode communication device as we aim to make the product affordable to penetrate the mass market.

We intend to dominate the emerging and potentially huge satellite communications market segment by means of our innovative low-cost multimode satellite smart phone devices we pioneered, designed and developed.

**For announcement to the market**

Extracts from this statement for announcement to the market

				MYR
Revenue and other income	up/down	92%	to	12,350
Profit / (loss) for the period	up/down	55%	to	(674,809)
Profit / (loss) for the period attributable to members of the parent	up/down	60%	to	(524,126)
<b>Dividends</b>	Current period		Previous corresponding period	
Franking rate applicable:	N/A		N/A	

**Appendix 4D**  
**Half-Year Report**

**3. Audit qualification or review**

*Details of audit/review dispute or qualification (if any):*

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

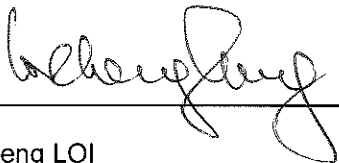
**4. Attachments**

*Details of attachments (if any):*

The Interim Report of AdvanceTC Limited for the half-year ended 30 June 2019 is attached.

**5. Signed**

Signed



Cheng Pheng LOI  
Chairman

13<sup>th</sup> September 2019

# **AdvanceTC Limited**

**ACN 600 238 444**

**Interim Report - 30 June 2019**

**Directors' Report**  
**30 June 2019**

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of AdvanceTC Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 30 June 2019.

**Directors**

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

Cheng Pheng LOI  
GimKeong LEE  
JonathanYeow Koon LOI  
Chee Tuck CHO  
CheeSeng CHO  
Jeffrey William KING

**Principal activities**

The principal activities of the Group during the financial period were the design, development and commercialization of high tech mobile wireless computing and telecommunication devices. It is 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 35.3% of Advance Tech Communications Sdn Bhd taking the total consolidated ownership of 95.4%

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

**Review of operations**

During the year, the consolidated entity continued to focus to achieve the target production for the world's first Satellite Android Smart Phone ("X7 Plus") a multimode device to launch commercial sales on schedule for its new innovation product Satellite Android Smart Phone by fourth quarter of this year.

We pioneer the design and development of extremely cost effective and improved outlook satellite handsets and its services with a combine android smart phone feature. Our X5 is designed to provide even more cost effective Satellite smart phone multimode communication device as we aim to make the product affordable to penetrate the mass market.

We intend to dominate the emerging and potentially huge satellite communications market segment by means of our innovative low-cost multimode satellite smart phone devices we pioneered, designed and developed

**Directors' report**  
**30 June 2019**

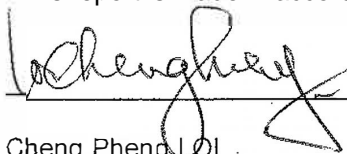
**Significant changes in the state of affairs**

There were no significant changes in the state of affairs of the consolidated entity during the financial half-year.

**Auditor's independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

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

A handwritten signature in black ink, appearing to read 'Cheng Pheng LOI', is written over a horizontal line.

Cheng Pheng LOI  
Chairman

13<sup>th</sup> September 2019

**Auditor's Independence Declaration**



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Australia

**DECLARATION OF INDEPENDENCE BY R M SWABY TO THE DIRECTORS OF ADVANCETC LIMITED**

As lead auditor for the review of AdvanceTC Limited for the half-year ended 30 June 2019, I declare that, to the best of my knowledge and belief, there have been:

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

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

A handwritten signature in grey ink, appearing to read 'R M Swaby', is written over a light grey circular background.

**R M Swaby**  
Director

**BDO Audit Pty Ltd**

Brisbane, 13 September 2019

## **AdvanceTC Limited**

ACN 600 238 444

### **Contents**

**30 June 2019**

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### **General information**

The financial statements cover AdvanceTC Limited as a consolidated entity consisting of AdvanceTC Limited and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Ringgit Malaysia, which is AdvanceTC Limited's functional and presentation currency.

AdvanceTC Limited is a listed public company limited by shares, incorporated and domiciled in Malaysia. Its registered office and principal place of business are:

#### **Registered office**

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

#### **Principal place of business**

B-01-08, Sunway Nexis, Jalan PJU 5/1,  
Kota Damansara, 47810 Petaling Jaya  
Selangor Darul Ehsan  
Malaysia

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 13<sup>th</sup> September, 2019.

**Consolidated Statement of Profit or Loss and Other Comprehensive Income  
For The Half-Year Ended 30 June 2019**

	Note	30 Jun 2019 MYR	30 Jun 2018 MYR
Revenue	3	-	121,700
Other income	3	12,350	38,256
Change in inventories of finished goods		-	(141,400)
Employee benefits expense		(775,752)	(641,058)
Depreciation and amortization expense		(41,582)	(4,370)
Legal and consultancy expenses		(213,185)	(407,890)
R&D expenses		(234,468)	-
Other expenses		(392,100)	(453,152)
Finance costs		(6,217)	(754)
<b>Profit before income tax expense</b>	4	<b>(1,650,954)</b>	(1,487,668)
Income tax benefits	13	976,148	-
<b>Profit for the half-year</b>		<b>(674,806)</b>	(1,487,668)
Other comprehensive income for the half-year, net of tax		-	-
<b>Total comprehensive income for the half-year</b>		<b>(674,806)</b>	(1,487,668)
Profit attributable to:			
Members of the parent entity		(524,126)	(1,310,885)
Non-controlling interest		(150,680)	(176,783)
		<b>(674,806)</b>	(1,487,668)
Total comprehensive income attributable to:			
Members of the parent entity		(524,126)	(1,310,885)
Non-controlling interest		(150,680)	(176,783)
		<b>(674,806)</b>	(1,487,668)
<b>Earnings per share attributable to members of the parent entity</b>		<b>Cents</b>	Cents
Basic earnings per share (cents per share)	5	(0.1)	(0.4)
Diluted earnings per share (cents per share)	5	(0.1)	(0.4)

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

**Consolidated Statement of Financial Position**  
**As At 30 June 2019**

	Note	30 Jun 2019 MYR	31 Dec 2018 MYR
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		7,230	8,727
Trade and other receivables		459,782	1,496,878
Inventories		27,500	27,500
<b>TOTAL CURRENT ASSETS</b>		<b>494,512</b>	<b>1,533,105</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		17,956	20,856
Right-of-use asset	7	117,540	-
Intangible assets	6	-	-
<b>TOTAL NON-CURRENT ASSETS</b>		<b>135,496</b>	<b>20,856</b>
<b>TOTAL ASSETS</b>		<b>630,008</b>	<b>1,553,961</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	8	6,277,010	4,004,833
Lease liability	7	78,005	-
Contract liabilities		24,700	24,700
Borrowings		23,871	20,532
Income tax provision		2,288	978,433
<b>TOTAL CURRENT LIABILITIES</b>		<b>6,405,874</b>	<b>5,028,498</b>
<b>NON-CURRENT LIABILITIES</b>			
Trade and other payables	8	-	1,648,121
Contract liabilities		-	12,350
Lease liability	7	41,319	-
Borrowings		56,886	64,257
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>98,205</b>	<b>1,724,728</b>
<b>TOTAL LIABILITIES</b>		<b>6,504,079</b>	<b>6,753,226</b>
<b>NET ASSETS</b>		<b>(5,874,071)</b>	<b>(5,199,265)</b>
<b>EQUITY</b>			
Issued capital	9	24,857,277	24,857,277
Other contributed equity		(4,648,135)	(4,648,135)
Accumulated losses		(24,312,785)	(23,788,659)
<b>Total equity attributable to equity holders of the Company</b>		<b>(4,103,643)</b>	<b>(3,579,517)</b>
Non-controlling interest		(1,770,428)	(1,619,748)
<b>TOTAL EQUITY</b>		<b>(5,874,071)</b>	<b>(5,199,265)</b>

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

**Consolidated Statement of Changes In Equity**  
**For the half-year ended 30 June 2019**

	Ordinary Shares MYR	Accumulated losses MYR	Other Contributed Equity MYR	Attributable to owners of AdvanceTC Limited MYR	Non- Controlling Interests MYR	Total MYR
Balance at 1 January 2018	14,164,707	(19,352,854)	2,810,654	(2,377,493)	(866,967)	(3,244,460)
Profit attributable to members of the parent entity	-	(1,310,885)	-	(1,310,885)	-	(1,310,885)
Profit attributable to non-controlling interest	-	-	-	-	(176,783)	(176,783)
Total comprehensive income for the half-year	-	(1,310,885)	-	(1,310,885)	(176,783)	(1,487,668)
Share Issued during the period	-	-	-	-	-	-
Other Contribution of equity	-	-	-	-	-	-
Balance at 30 June 2018	14,164,707	(20,663,739)	2,810,654	(3,688,378)	(1,043,750)	(4,732,128)

	Ordinary Shares MYR	Accumulated losses MYR	Other Contributed Equity MYR	Attributable to owners of AdvanceTC Limited MYR	Non- Controlling Interests MYR	Total MYR
Balance at 1 January 2019	24,857,277	(23,788,659)	(4,648,135)	(3,579,517)	(1,619,748)	(5,199,265)
Profit attributable to members of the parent entity	-	(524,126)	-	(524,126)	-	(524,126)
Profit attributable to non-controlling interest	-	-	-	-	(150,680)	(150,680)
Total comprehensive income for the half-year	-	(524,126)	-	(524,126)	(150,680)	(674,806)
Share Issued during the period	-	-	-	-	-	-
Other Contribution of equity	-	-	-	-	-	-
Balance at 30 June 2019	24,857,277	(24,312,785)	(4,648,135)	(4,103,643)	(1,770,428)	(5,874,071)

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

**Consolidated Statement of Cash Flows**  
**For the half-year ended 30 June 2019**

	Note	30 Jun 2019 MYR	30 Jun 2018 MYR
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
(Loss) before taxation		(1,650,954)	(1,487,668)
Adjustments for:			
Depreciation		41,582	9,269
Impairment of inventories		-	26,700
Interest expense		6,217	754
Fair value loss on non-current payables		246,984	365,992
<b>Net cash flows used in operations</b>		<b>(1,356,171)</b>	<b>(1,084,953)</b>
Adjustments for:			
(Increase)/decrease in trade and other receivables		1,037,096	370,457
(Increase)/decrease in inventories		-	136,500
Increase/(decrease) in trade and other payables		(1,191,259)	234,724
Increase/(decrease) in related party		1,565,097	707,162
Increase/(decrease) in contract liabilities		(12,350)	(12,350)
Cash flows from operating activities		42,413	351,540
Interest paid		(6,217)	(754)
Net cash flows from operating activities		36,196	350,786
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Development expenditure incurred		-	(336,074)
Net cash flows from used in investing activities		-	(336,074)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Repayment of lease liability		(36,898)	-
Repayment of finance lease liabilities		(795)	(10,369)
Net cash flows used in investing activities		(37,693)	(10,369)
Net (decrease)/increase in cash and cash equivalents		(1,497)	4,343
Cash and cash equivalents at beginning of financial period		8,727	10,638
Cash and cash equivalents at end of financial period		7,230	14,981

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

**Notes to the Financial Statements**  
**30 June 2019**

**Note 1. Significant accounting policies**

These general purpose financial statements for the half-year reporting period ended 30 June 2019 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 31 December 2018 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

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

*New and amended standards adopted by the Group*

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretation issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. Apart from the changes in accounting policy, there has been no material impact on the financial statements by their adoption.

AASB 16 Leases

The Group adopted AASB 16 on 1 January 2019. As there were no leases under AASB 16 required to be accounted for in the prior financial year there was no impact on comparatives in this financial report.

On date of adoption the Group recognised a right-of-use asset and a lease liability both of which amounted to MYR156,222, for its premises lease that commenced on 1 January 2019. The previous lease was on a rolling month to month basis and thus exempt from the requirement to record a right of use asset and lease liability. The right-of-use asset is measured at cost which includes the lease payments and direct costs incurred over the life of the lease.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term.

The lease liability is measured at the present value of the lease payments discounted at the Group's incremental borrowing rate. Lease payments include fixed payments, and variable lease payments.

The Group has no short-term and low-value leases.

*Key judgements*

**Consolidation of AdvanceTC Cilicon SAS**

The Company, in conjunction with its partner Cilicon Limited, established a joint venture arrangement to promote the sale of the Company's Magic Smartphone and proprietary community software application in Europe. The Directors have considered the terms and conditions of the arrangement and concluded that the Company controls the relevant activities of AdvanceTCCilicon SAS by virtue of owning 75% of the share capital and controlling 2 out of 3 board seats. The financial statements have been prepared consolidating AdvanceTCCilicon SAS and include an adjustment through non-controlling interest to the remaining 25% of the loss for that subsidiary.

**Notes to the financial statements**  
**30 June 2019**

**Note 1. Significant accounting policies (continued)**

*Going concern*

For the half-year ended 30 June 2019, the Group has incurred losses after income tax of MYR 674,806 and net cash outflows from operating activities of MYR 36,196. Note that as at 30 June 2019, the company is in a net liability position of MYR 5,874,071 and deficit in total equity of MYR 5,874,071.

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

1. Successful commercialisation of its range of Magic Smartphone, and proprietary community software application to achieve recurring revenue;
2. Raising additional capital or securing other forms of financing, as and when necessary to meet the levels of expenditure require for the consolidated entity to continue to develop the next generation of integrated mobile communication devices and to meet the consolidated entity's working capital requirements; and
3. Reducing its working capital expenditure.

These conditions give rise to a material uncertainty which may cast significant doubt over the consolidated entity'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. A related party, Top ATC Industries Sdn Bhd ('Top ATC') has provided written assurance that it will continue to provide ongoing funding as required by the consolidated entity until such time as the consolidated entity completes a significant capital raising or achieves consistent and sustained cash flows from the successful commercialisation of its Magic range of smartphone devices. From 1 July 2019 to 10 September 2019 TopATC have made payments of MYR1,300,353 on behalf of the consolidated entity;
2. Certain related parties and other creditors totalling MYR2,963,000, have given written agreement to defer settlement until 2021; and
3. The Group is negotiating on a number of sales contracts to commercialise its range of Magic Smartphones. A sale contract was signed with one customer for the first 10,000 units of Xplore X7. Subsequent to the reporting period, an amount of MYR830,000 has been received as deposit for the first 2,000 units under this order. These deposits were banked with Top ATC as part of their ongoing funding arrangement as disclosed in point 1 above;
4. On 21 August 2019, the Group announced that it is in the process of applying for dual-listing of the company's shares in a US-based over-the-counter trade market, OTCQX International. This will facilitate a future capital raising in the US market.
5. The Group entered into a marketing rights agreement with a related party, Top ATC Industries Sdn Bhd ('Top ATC') for Top ATC to distribute Magic Smartphones in the Asian market for 2 years. As part of this agreement, Top ATC is required to pay MYR3 million in exchange for these marketing rights. The Group expects to receive the payment for the marketing rights over the course of the next 2 years until 31 December 2021 once our products are available for commercialisation.

Should the consolidated entity 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 half year 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 consolidated entity not be able to achieve the matters set out above and thus be able to continue as a going concern.

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 consolidated entity not be able to achieve the matters set out above and thus be able to continue as a going concern.

## **Note 2. Operating segments**

### *Identification of reportable operating segments*

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

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

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

## **Note 3. Revenue and Other Income**

	<b>30 Jun 2019 MYR</b>	<b>30 Jun 2018 MYR</b>
<b>Revenue from continuing operations</b>		
<i>Revenue from contracts with customers</i>		
- sale of goods	-	121,700
<b>Total Revenue</b>	<u>-</u>	<u>121,700</u>
<b>Other income</b>		
Other income	<u>12,350</u>	<u>38,256</u>
<b>Total Other Income</b>	<u>12,350</u>	<u>38,256</u>

## **Note 4. Expenses**

	<b>30 Jun 2019 MYR</b>	<b>30 Jun 2018 MYR</b>
Profit before income tax includes the following specific expenses:		
Impairment of inventories	-	26,700
Research and development expenses	-	150
Fair value adjustment on non-current payable	<u>246,984</u>	<u>340,544</u>
<i>Rental expense on operating leases</i>		
Office lease payments	-	15,000
Interest expense on lease liability	<u>5,102</u>	-
Depreciation expense on right-of-use asset	<u>38,682</u>	-

**Notes to the financial statements**  
**30 June 2019**

**Note 5. Earnings per Share**

(a) Earnings used to calculate overall earnings per share

	30 Jun 2019 MYR	30 Jun 2018 MYR
Earnings used to calculate basic and diluted earnings per share	<u>(524,126)</u>	<u>(1,310,885)</u>

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

	30 Jun 2019 MYR No.	30 Jun 2018 MYR No.
Weighted average number ordinary shares outstanding during the year used during the year used in calculating basic EPS	<u>390,140,547</u>	<u>345,365,182</u>

**Note 6. Intangible Assets**

	30 Jun 2019 MYR	31 Dec 2018 MYR
Development cost		
At cost	10,734,395	10,734,395
Accumulated amortisation	(4,372,947)	(4,372,947)
Accumulated impairment	(6,361,448)	(6,361,448)
<b>Net carrying value</b>	<u>-</u>	<u>-</u>
Rights		
At cost	-	7,210,000
Accumulated amortization and impairment	-	(7,210,000)
<b>Net carrying value</b>	<u>-</u>	<u>-</u>
<b>Total Intangibles</b>	<u>-</u>	<u>-</u>

**Note 7. Right-of-use asset and lease liabilities**

	30 Jun 2019 MYR	31 Dec 2018 MYR
Balance at 1 January (lease inception)	156,222	-
Depreciation charge for the year	(38,682)	-
<b>Balance at 30 June</b>	<u>117,540</u>	<u>-</u>
<b>Lease liabilities</b>		
Current	78,005	-
Non current	41,319	-
<b>Total Lease Liabilities at 30 June</b>	<u>119,324</u>	<u>-</u>
<b>Amounts recognised in Profit or Loss</b>		
Interest on lease liabilities	5,102	-
Depreciation of right-of-use asset	38,682	-

**Notes to the Financial Statements**  
**30 June 2019**

**Note 8. Trade and other payable**

	<b>30 Jun 2019 MYR</b>	<b>31 Dec 2018 MYR</b>
<b>CURRENT</b>		
Trade payables (a)	<b>676,494</b>	1,711,558
Other payables (b)	<b>5,600,516</b>	<u>2,293,275</u>
	<b><u>6,277,010</u></b>	<b><u>4,004,833</u></b>
	<b>30 Jun 2019 MYR</b>	<b>31 Dec 2018 MYR</b>
<b>NON-CURRENT</b>		
Related party payables (c)	-	599,745
Other payables (b)	-	<u>1,048,376</u>
	<b><u>-</u></b>	<b><u>1,648,121</u></b>

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

(b) Amounts included in other payables are accruals, shareholders advances and site licensing rights payable, which are unsecured, interest free and payables in within one (1) year.

(c) Amounts owing to a related party represent advances and payment on behalf, which are unsecured, interest free and payables within one (1) year.

**Notes to the Financial Statements**  
**30 June 2019**

**Note 9. Equity**

**Dividends**

There were no dividends paid or recommended during the financial half-year period. There are no franking credits available to the shareholders of the Company.

**Capital**

	<b>30 Jun 2019</b>	<b>31 Dec 2018</b>
	<b>MYR</b>	<b>MYR</b>
390,140,547 (2018: 390,140,547) Ordinary share	<b>21,499,611</b>	21,499,611
Share application monies	<b>3,357,666</b>	3,357,666
At the end of the reporting period	<b><u>24,857,277</u></b>	<u>24,857,277</u>

**Ordinary shares**

	<b>Consolidated</b>	
	<b>30 Jun 2019</b>	<b>31 Dec 2018</b>
	<b>No.</b>	<b>No.</b>
At the beginning of the period	<b>390,140,547</b>	345,365,182
Shares issued during the period	<b>-</b>	44,775,365
At the end of the reporting period	<b><u>390,140,547</u></b>	<u>390,140,547</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.

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

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

**Note 10. Contingent liabilities**

In the opinion of the Directors, the Company did not have any contingencies liabilities during financial half-year period.

**Note 11. Events after the reporting period**

1. On 21 August 2019, the Group announced that it is in the process of applying for dual-listing of the company's shares in a US-based over-the-counter trade market, OTCQX International. This will facilitate any future capital raising in the US market. An agreement has been signed with an investment bank to lead this transaction.
2. Subsequent to reporting period, the Group received an amount of MYR830,000 from its customers as deposits for orders placed on the Group's MAGIC Smartphones. The remaining outstanding amount will be settled on delivery of products to the customers.

No other matters or circumstances have arisen since the financial half-year period which significantly affected or could significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years. 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**  
**30 June 2019**

**Note 12. Related party transactions**

The following are material related party transactions during the half year period:

1. During the period a related party, Top ATC Industries Sdn Bhd ('Top ATC') paid expenses on behalf of the Group totaling MYR1,182,692. These payments made on behalf are unsecured, interest-free and repayable on demand at the end of reporting period. Subsequent to year end, TopATC agreed to defer the repayment of these payments made on behalf to 2021, in order to support the working capital and cash flows of the Group.
2. On 1 January 2019, the Group entered into a marketing rights agreement with Top ATC for Top ATC to distribute Magic Smartphones in the Asian market for 2 years. As part of this agreement, Top ATC is required to pay MYR 3,000,000 in exchange for this marketing rights. No payment has been made by Top ATC during the year. This transaction has not been recognised as revenue during the financial year as the Group has not completed the performance obligations associated with the marketing rights agreement (i.e. making the products available for distribution in the Asian market).
3. On 1 January 2019, the Group entered into a tenancy agreement with Top ATC for rental of premise. The monthly rental is MYR7,000 and the lease is valid for 2 years until 31 December 2020. On adoption of AASB 16 as disclosed in Note 1, the Group has recognised a right-of-use asset and lease liability associated with this lease. An amount of MYR42,000 was charged by Top ATC during the half year period ended 30 June 2019.

**Directors' Declaration**  
**30 June 2019**

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2019 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors

A handwritten signature in black ink, appearing to read 'Cheng Pheng LOI', is written over a horizontal line.

Cheng Pheng LOI  
Chairman

13<sup>th</sup> September 2019

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of AdvanceTC Limited

### Report on the Half-Year Financial Report

#### Disclaimer of Conclusion

We were engaged to review the half-year report of AdvanceTC Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year then ended, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

We do not express a conclusion on the accompanying financial report of the Company. Because of the significance of the matters described in the *Basis for disclaimer of conclusion* section of our report, we have not been able to obtain sufficient appropriate evidence to provide a basis for a review conclusion on this financial report.

#### Basis for disclaimer of conclusion

As disclosed in Note 1 to the financial report, there are a number of conditions which give rise to a material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern. We have been unable to obtain sufficient appropriate audit evidence to support management's assessment of the Group's ability to continue as a going concern. Specifically, we have been unable to obtain sufficient evidence to support claims of successful and timely commercialisation of a new product range. Furthermore, we have been unable to obtain evidence that the related entity has the ability to provide ongoing support until such time arises.

#### Directors' responsibility for the Half-Year Financial Report

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

#### Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. However, because of the matter described in the *Basis for disclaimer of conclusion* section of our report, we were not able to obtain sufficient appropriate evidence to provide a basis for a review conclusion on the financial report. As the auditor of the Company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.



### Independence

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

**BDO Audit Pty Ltd**

A handwritten signature in grey ink, appearing to read 'R M Swaby', is written over the BDO logo.

**R M Swaby**  
Director

Brisbane, 13 September 2019