AdvanceTC Limited
ACN 600 238 444

Annual Financial Report

For the Year Ended 31 December 2018

AdvanceTC Limited

ACN 600 238 444

Contents

For the Year Ended 31 December 2018

AdvanceTC Limited

ACN 600 238 444

Corporation Information
31 December 2018

Directors
Cheng Pheng Loi
Gim Keong Lee
Jonathan Yeow Koon Loi
Chee Tuck Cho
Chee Seng Cho
Jeffrey William King

Company Secretary
Chee Seng Cho

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

B-01-08, Sunway Nexis,
Jalan PJU 5/1,
Kota Damansara,
47810 Petaling Jaya, Selangor D.E.
Malaysia

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
HSBC Malaysia Berhad
8th Floor, South Tower
No 2, Leboh Ampang,
50100 Kuala Lumpur, Malaysia

Commonwealth Bank
Commonwealth Bank of Australia
48, Martin Place Branch
Sydney CBD Area,
Sydney NSW 2000

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

Advance TC Limited shares are listed on the National Stock Exchange of Australia (NSX code A88)

AdvanceTC Limited
ACN 600 238 444

Chairman's Report
31 December 2018

Dear Shareholder

We need to focus our efforts to design products which are innovative and will target huge potential market.

XL 6 Android smart phone is a good product but has no outstanding features and it is in a very competitive market segment. Therefore we need to promote the product heavily.

We need to develop niche and innovative products to drive the market.

For the past months we have focused our R&D efforts with above product design objective.

We are developing a niche dual mode Satellite Android Smart phone. This will be the a unique innovative product called Xplore X7 aimed at the huge potential satellite mobile phone market segment.

Half the world is not connected to the terrestrial cellular mobile phone network. There is therefore a huge need for satellite service and connection. This market segment is currently being served by Satellite Phones but due to their existing high product pricing and service fees, there is no substantial consumer off take for the product.

Our aim is to achieve main stream sales for our range of satellite android smart phones. We will offer a range which will cover the full price range for such newly developed and unique products and services. They will be competitive and affordable to the masses to convert the huge sales potential of the satellite phone market segment.

We expect sales momentum will accelerate upon successful commercialisation of Xplore X7.

Yours sincerely,

CP LOI
Chairman

Date : 29 March 2019

Directors' Report

For the Year Ended 31 December 2018

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 2018.

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: 39,192,540 fully paid ordinary shares.
Special responsibilities	Mr Loi holds the position of Chief Executive Officer of the Company.
Other current directorships in listed entities	None
Other directorships in listed entities held in the previous three years	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

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.
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, has resigned on 1 November 2016 and re-appointed on 4 January 2018.
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.
Other current directorships in listed entities	None
Other directorships in listed entities held in the previous three years	None

Information on directors continued

Jeffrey William King	Independent Non-executive Director, appointed 4 October 2018.
Qualifications	Mr. Jeffrey holds Institute of Chartered Accountants of Australia (ACA), Diploma of Business (Accounting) Swinburne University Advanced Diploma of Management.
Experience	Mr. Jeffrey has experienced CFO and Company Secretary with extensive financial reporting and broad commercial skills. He has various skills and experience in corporate finance, capital raising and markets, R&D law and tax issues.
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.

Company secretary

Chee Seng CHO – refer above for details of qualifications and other directorships

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	39,192,540
Gim Keong Lee	3,280,000
Chee Tuck Cho	2,955,960
Chee Seng Cho	200,000
Jeffrey William King	-

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 35.3% of Advance Tech Communications Sdn Bhd taking the total consolidated ownership to 95.4%. The company also owns 75% interest in AdvanceTC Cilicon SAS, which is principally engaged in the design, development, manufacture, distribution and sale of mobile devices.

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 4,940,494, after providing for income tax. This represented a significant loss reported for the year ended 31 December 2018. 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 126,000 were contributed by ANDROID WINDOW SMARTPHONE. We have achieved a total sales revenues of RM 126,000 which represents a drop of 89% for the whole of the period. Sales were lower than anticipated due to the collapse of a proposed contract with the Malaysia Government to supply mobile tablets to schools. As a result, a further impairment charge was also recorded to reduce the remaining value of development costs relating to the tablet projects to nil.

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

We have been focusing on R&D on our new products MAGIC X7.

3. Financial review

Financial position

The total equity of the Group has decreased by MYR 1,954,805 from 31 December 2017 to a deficit in total equity position of MYR 5,199,265 at 31 December 2018. This decrease is largely due to the following factors:

- Impairment loss on capitalised development cost of MYR 1,961,448;
- Significant decrease in sales revenue despite similar level of administrative and overhead cost

4. Future development and results

For the new year we will continue to develop our SMART PHONE business with exciting new features to be announced soon.

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.

With the above activities and projects, we are confident to achieve an excellent sales revenue for the company going forward.

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. Attendances 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, Jonathan LOI	2	1	-	-
Chee Tuck CHO	2	1	1	1
Chee Seng CHO	2	2	1	1
Jeffrey William King	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 2018, no ordinary shares of AdvanceTC Limited were issued on the exercise of options granted.

Proceedings on behalf of company

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

Non-audit services

The auditor has not provided any non-audit services to company during the year (2017: 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 2018 has been received and can be found on page 15 of the financial report.

Remuneration report (audited)

Remuneration policy

The remuneration policy of AdvanceTC Limited has been designed to align key management personnel (KMP) objectives with shareholder and business objectives by providing a fixed remuneration component. No specific long-term incentives has been offered 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 second half year 2019, the committee will review key management personnel packages annually by reference to the Group's performance, executive performance and comparable information from industry sectors.
- Statutory employee provident fund contributions are paid to the Employee Provident Fund of Malaysia for key management personnel and all other employees. 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.

Remuneration report (audited)

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 2016	31 December 2017	31 December 2018
Profit / (Loss)	N/A	MYR (4,850,145)	MYR (8,943,482)	MYR (4,940,492)
Share price	AUD0.55	AUD0.79	AUD0.79	AUD0.87
Dividends	N/A	N/A	N/A	N/A

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	**Position**
Cheng Pheng LOI	Chief Executive Officer and Executive Director (Chairman)
Gim Keong LEE	Chief Operating Officer and Executive Director
Jonathan Yeow Koon LOI	Chief Technology Officer and Executive Director
Chee Tuck CHO	Non-Executive Director
Chee Seng CHO	Non-Executive Director
Herve Jegou	Chief Executive Officer of AdvanceTC Cilicon SAS
Jeffrey William King	Non-Executive Director (appointed 4 October 2018)

Service Agreements

<u>Non-executive directors</u>

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 period of at least two (2) months written notice. Remuneration of AUD$600 per month is payable for all directors, apart from Chee Seng CHO were paid MYR14,400 for additional ad-hoc services provided during the year.

Remuneration report (audited) - continued

Employment details of members of key management personnel

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 period 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 2018 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

Herve Jegou (CEO Advance TC Cilicon SAS) contract allows for an annual salary of MYR 60,000

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

Remuneration report (audited) continued

Remuneration details of members of key management personnel for the year ended 31 December 2018

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	
	Cash salary fees	Bonus & other	Pension and superannuation		Options, rights & shares	Total
2018	MYR	MYR	MYR	MYR	MYR	MYR
Directors						
Cheng Pheng LOI	322,800	-	-	-	-	322,800
Gim Keong LEE	190,800	-	-	-	-	190,800
Jonathan Yeow Koon LOI	190,800	-	-	-	-	190,800
Chee Tuck CHO	22,800	-	-	-	-	22,800
Chee Seng CHO	37,200	-	-	-	-	37,200
Jeffrey William King	5,700	-	-	-	-	5,700
Herve Jegou	60,000	-	-	-	-	60,000
	830,100	-	-	-	-	830,100

Remuneration details of members of key management personnel for the year ended 31 December 2017:

	Short term		Post employment	Long term benefits	Share based payments	
	Cash salary fees	Bonus & other	Pension and superannuation		Options, rights & shares	Total
2017	MYR	MYR	MYR	MYR	MYR	MYR
Directors						
Cheng Pheng LOI	324,000	-	-	-	-	324,000
Gim Keong LEE	192,000	-	-	-	-	192,000
Jonathan Yeow Koon LOI	192,000	-	-	-	-	192,000
Chee Tuck CHO	24,000	-	-	-	-	24,000
Chee Seng CHO	27,600	-	-	-	-	27,600
William Keng Yaw TAN	28,800	-	-	-	-	28,800
Joseph Paul Tabone	-	-	-	-	-	-
Herve Jegou	60,000	-	-	-	-	60,000
	848,400	-	-	-	-	848,400

Directors' Report
For the Year Ended 31 December 2018

Remuneration report (audited) continued

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.

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 2018	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	40,500,047	(1,307,507)	-	39,192,540
Jonathan Yeow Koon LOI	69,549,840	-	-	69,549,840
Gim Keong LEE	3,280,000	-	-	3,280,000
Chee Tuck CHO	2,955,960	-	-	2,955,960
Chee Seng CHO	200,000	-	-	200,000
Jeffrey William King	-	-	-	-
Herve Jegou	-	-	-	-

There were no shares held nominally at 31 December 2018 (2017: nil).

Transaction (excluding loans)

There were no transactions with KMP except as disclosed in Note 23 to the financial statements.

Remuneration report (audited) continued

Loans provided by/(to) KMP and their related entities

The following information relates to related party loans made, guaranteed or secured as at the end of the reporting period.

	2018 MYR	2016 MYR
Loans provided by KMP		
Cheng Pheng LOI	19,911	19,911
Jonathan Yeow Koon LOI	30,300	30,300
Total	50,211	50,211
Amounts payable to related parties		
Top ATC Industries Sdn Bhd	(688,446)	(1,579,193)
Cilicon Limited	(1,457,765)	(1,457,765)
	(2,146,211)	(3,036,958)
Amounts receivable from related parties		
Top ATC Industries Sdn Bhd	-	-
Cilicon Limited	1,035,065	1,035,065
	1,035,065	1,035,065

Included in trade and other payables as at 31 December 2018 and 2017 are an amount of MYR 892,945 and MYR 817,707 respectively,owing to directors and key management personnel in respect of salary and allowances.

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 29 March 2019

Tel: +61 7 3237 5999
Fax: +61 7 3221 9227
www.bdo.com.au

Level 10, 12 Creek St
Brisbane QLD 4000
GPO Box 457 Brisbane QLD 4001
Australia

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

As lead auditor of AdvanceTC Limited for the year ended 31 December 2018, 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.

R M Swaby
Director

BDO Audit Pty Ltd

Brisbane, 29 March 2019

Corporate Governance Statement
31 December 2018

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 and 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 2018

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, the candidate’s working experience and resume must be 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 so that a diverse range of candidates are considered and there are no excuses or unconscious biases that might discriminate against certain candidates.

The Company strives to:

- Develop and maintain a diverse and skilled workforce through a transparent recruitment processes.
- Promote an inclusive workplace culture that values and utilises the contributions of all employees backgrounds, experiences and perspectives though improved awareness of the benefits of workforce diversity.
- Facilitate diversity in the workplace by developing programs that promote growth for all employees, so each employee may reach their full potential, and provide maximum benefit for the Company.
- 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 structured 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 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.

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 second half of 2018 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;

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

Internal control

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

The Board has received assurance from the Chief Executive Officer 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) will be provided to all shareholders and posted on the company's website. Notices for general meetings and other communications with shareholders are drafted to ensure that they are honest, accurate and not misleading and that the nature of the business of the meeting is clearly stated and explained where necessary.

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

Principle 7: Recognise and manage risk

The Board considers identification and management of key risks associated with the business as vital to maximise shareholder wealth. 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.

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 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.

AdvanceTC Limited

ACN 600 238 444

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 31 December 2018

	NOTE	Consolidated 31 Dec 2018 MYR	 31 Dec 2017 MYR
Revenue	4	126,000	1,111,412
Other income	4	31,099	253,999
Changes in inventories of finished goods and work in progress		2,800	314,600
Purchases of inventories		(287,100)	(2,035,565)
Employee benefits expense		(837,000)	(911,247)
Depreciation and amortisation expense		(9,537)	(2,686,326)
Other expenses		(3,963,037)	(4,985,755)
Finance costs	5	(3,719)	(4,600)
Profit/(loss) before Income tax	5	(4,940,494)	(8,943,482)
Income tax expense	6	-	-
Loss for the year		(4,940,494)	(8,943,482)
Change comprehensive income/loss for the year, net of tax		-	-
Total comprehensive loss for the year		(4,940,494)	(8,943,482)
Loss attributable to:			
Members of the parent entity		(3,480,486)	(7,566,013)
Non-controlling interest		(1,460,008)	(1,377,469)
		(4,940,494)	(8,943,482)
Total comprehensive loss attributable to:			
Members of the parent entity		(3,480,486)	(7,566,013)
Non-controlling interest		(1,460,008)	(1,377,469)
		(4,940,494)	(8,943,482)
Earnings per share		Sen	Sen
From continuing operation			
Members of the parent entity	17	(1.0)	(2.2)
Members of the parent entity	17	(1.0)	(2.2)

The accompanying notes form part of these financial statements.

AdvanceTC Limited

ACN 600 238 444

Statement of Financial Position

As at 31 December 2018

	NOTE	Consolidated 2018 MYR	2017 MYR
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	8	8,727	10,638
Trade and other receivables	9	1,496,878	2,951,936
Inventories	10	27,500	314,600
TOTAL CURRENT ASSETS		1,533,105	3,277,174
NON-CURRENT ASSETS			
Property, plant and equipment	11	20,856	24,592
Intangible assets	12	-	712,871
TOTAL NON-CURRENT ASSETS		20,856	737,463
TOTAL ASSETS		1,553,961	4,014,637
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	13	4,004,833	3,777,376
Deferred income	15	24,700	24,700
Borrowings	14	20,532	19,631
Current tax liabilities	6	978,433	978,433
TOTAL CURRENT LIABILITIES		5,028,498	4,800,140
NON-CURRENT LIABILITIES			
Trade and other payables	13	1,648,121	2,336,402
Deferred income	15	12,350	37,050
Borrowings	14	64,257	85,505
TOTAL NON-CURRENT LIABILITIES		1,724,728	2,458,957
		6,753,226	7,259,097
NET (LIABILITIES) / ASSETS		(5,199,265)	(3,244,460)
EQUITY			
Contributed equity	16	24,857,277	14,164,707
Reserves	19	(4,648,135)	2,810,654
Accumulated losses	18	(23,788,659)	(19,352,854)
Total equity attributable to equity holders of the Company		(3,579,517)	(2,377,493)
Non-controlling interest		(1,619,748)	(866,967)
TOTAL (DEFICIT) / EQUITY		(5,199,265)	(3,244,460)

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 2018

2018

		Consolidated					
		Contributed Equity MYR	Accumulated Losses MYR	Reorganisation Reserve MYR	Attributable to owners of the parent MYR	Non-controlling interests	Total equity
Balance at 1 January 2018		14,164,707	(19,352,854)	2,810,654	(2,377,493)	(866,967)	(3,244,460)
Adjustments on initial application of AASB9	2(s)	-	(955,321)	-	(955,321)	-	(955,321)
Adjusted balance at 1 January 2018		14,164,707	(20,308,175)	2,810,654	(3,332,814)	(866,967)	(4,199,781)
Profit attributable to members of the parent entity		-	(3,480,484)	-	(3,480,484)	-	(3,480,484)
Profit attributable to non-controlling members		-	-	-	-	(1,460,008)	(1,460,008)
Transaction with owners in their capacity as owners							
Shares issued during the year	16	10,692,570	-	-	10,692,570	-	10,692,570
Acquisition of non-controlling interest in a subsidiary	16	-	-	(7,458,789)	(7,458,789)	707,227	(6,751,562)
Balance at 31 December 2018		24,857,277	(23,788,659)	(4,648,135)	(3,579,517)	(1,619,748)	(5,199,265)

2017

	Consolidated					
	Contributed Equity MYR	Accumulated Losses MYR	Reorganisation Reserve MYR	Attributable to owners of the parent MYR	Non-controlling interests	Total equity
Balance at 1 January 2017	14,164,707	(11,786,841)	2,810,654	5,188,520	510,502	5,699,022
Profit attributable to members of the parent entity	-	(7,566,013)	-	(7,566,013)	-	(7,566,013)
Profit attributable to non-controlling members	-	-	-	-	(1,377,469)	(1,377,469)
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive loss for the year	-	(7,566,013)	-	(7,566,013)	(1,377,479)	(8,943,482)
Transaction with owners in their capacity as owners	-	-	-	-	-	-
Shares issued during the year	-	-	-	-	-	-
Balance at 31 December 2017	14,164,707	(19,352,854)	2,810,654	(2,377,493)	(866,967)	(3,244,460)

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 2018

	NOTE	Consolidated 2018 MYR	2017 MYR
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit (loss) before taxation		(4,940,494)	(8,943,492)
Adjustments for;			
Depreciation	11	9,537	9,278
Amortisation		-	2,677,048
Impairment on intangible assets – rights	12	1,961,448	681,000
Interest expenses	5	1,611	3,024
Bad debts written off		8,560	584,200
Written off of other receivables		124,897	129,253
Fair value loss/(gain) on non-current payables		148,647	(229,163)
Inventories written down		49,500	99,400
Cash outflows from operations		(2,636,294)	(4,989,442)
(Increase)/decrease in trade and other receivables		366,280	3,108,060
(Increase)/decrease in inventories		237,600	(414,000)
Increase/(decrease) in trade and other payables		227,457	1,553,856
Increase/(decrease) in deferred revenue		(24,700)	(74,700)
Cash flows used in operating activities		(1,829,657)	(816,226)
Interest paid		(1,611)	(3,024)
Net cash flows used in operating activities		(1,831,268)	(819,226)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	11	(5,800)	(4,900)
Expenditures on development costs	12	(1,248,577)	-
Development expenditure		-	(712,871)
Net cash flows used in investing activities		(1,254,377)	(717,771)
CASH FLOWS FROM FINANCING ACTIVITIES			
Advances from a related party		3,103,997	2,138,193
Repayments made to a related party		-	(559,000)
(Repayment of)/proceeds from borrowings	14	-	(67,184)
Payment of finance lease liabilities	14	(20,265)	(23,722)
Net cash flows from financing activities		3,083,732	1,488,287
Net cash increase/ (decrease) in cash and cash equivalents		(1,911)	(48,710)
Cash and cash equivalents at beginning of year		10,638	59,348
Cash and cash equivalents at end of the year	8	8,727	10,638

The accompanying notes form part of these financial statements.

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 commercialization of high tech mobile wireless computing and telecommunication devices. It is the creator of the MAGIC^{TM} brand of mobile computing devices and operates development 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 29 March 2019.

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.

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.

2. Summary of Significant Accounting Policies

(b) Revenue and other income

Revenue arises mainly from the sale of mobile wireless computing and telecommunication devices.
To determine whether to recognise revenue, the Group follows a 5-step process:
1 Identifying the contract with a customer
2 Identifying the performance obligations
3 Determining the transaction price
4 Allocating the transaction price to the performance obligations
5 Recognising revenue when/as performance obligation(s) are satisfied.

Revenue is recognised at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers. Control transfers at the point in time the customer takes undisputed delivery of the goods.

The Group provides a basic 1-year product warranty on its mobile wireless computing and telecommunication devices. Under the terms of this warranty customers can return product for repair or replacement if it fails to perform in accordance with published specifications. These warranties are accounted for under AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*.

Accounting policy applicable to comparative period (31 December 2017)

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 from sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

(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.

2. Summary of Significant Accounting Policies

(c) Income Tax

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 less or, are charged as expenses in the years in which they are incurred. The lease is not recognised in the statement of financial position.

Lease payments for operating leases, where substantially all of the risks and benefits remain with the less or, 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.

2. Summary of Significant Accounting Policies

(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) or the Inland Revenue Board of Malaysia (IRB).

Receivables and payable are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO and the IRB 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 or fair value less, where applicable, any accumulated depreciation and impairment of losses.

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

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

Depreciation

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

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:

Fixed asset class	Depreciation rate
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.

2. Summary of Significant Accounting Policies

(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 5years.

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 foruse.

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

(j) Financial instruments

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument, and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and subsequent measurement of financial assets

All financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- amortised cost
- fair value through profit or loss (FVPL)
- equity instruments at fair value through other comprehensive income (FVOCI)
- debt instruments at fair value through other comprehensive income (FVOCI)

2. Summary of Significant Accounting Policies

(j) Financial instruments continued

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Classifications are determined by both:
- The entities business model for managing the financial asset
- The contractual cash flow characteristics of the financial assets

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables, which is presented within other expenses.

As at 31 December 2018 and 2017, all financial assets are carried at amortised cost as the Group's business model is to hold to collect the contractual cash flows. The characteristics of the contractual cash flows are that of solely payments of the principal amount and interest (referred to as 'SPPI').

Subsequent measurement financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and other receivables fall into this category of financial instruments.

Trade and other receivables

The Group makes use of a simplified approach in accounting for trade and other receivables and records the loss allowance at the amount equal to the expected lifetime credit losses. In using this practical expedient, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Group assess impairment of trade receivables on a collective basis as they possess credit risk characteristics based on the days past due.

Classification and measurement of financial liabilities

As the accounting for financial liabilities remains largely unchanged from AASB 139, the Group's financial liabilities were not impacted by the adoption of AASB 9.

Accounting policies applicable to comparative period (31 December 2017)

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.

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).

2. Summary of Significant Accounting Policies

(j) Financial instruments continued

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 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.

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.

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.

2. Summary of Significant Accounting Policies

(k) 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.

(l) 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.

2. Summary of Significant Accounting Policies Continued

(m) 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.

(n) 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.

(o) 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.

(p) 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.

Share application monies relate to funds received for the future issuance of shares. Upon issue of shares, amounts will be transferred to issue capital.

Notes to the Financial Statements
For the Year Ended 31 December 2018

2. Summary of Significant Accounting Policies Continued

(q) 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.

(r) Going concern

For the year ended 31 December 2018 the Company has incurred losses after income tax for the year of MYR 4,940,494 (2017: MYR 8,943,482), and net cash outflows from operating activities of MYR 1,831,268 (2017: inflow MYR 819,226).

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 and other receivables;
3. Reducing its working capital expenditure;
4. Successful commercialisation of its range of Magic Smartphones, and proprietary community software application to achieve 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. A related entity has provided written assurance that it will continue to provide ongoing funding as required by the Group until such time as the Group completes a significant capital raising or achieves consistent and sustained cash flows from the successful commercialization of its Magic range of smartphone devices;
2. Certain related parties and other creditors, 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 2019 and beyond; and
3. The Company is negotiation on a number of sales contracts to commercialise its range of Magic Smartphones.

2. Summary of Significant Accounting Policies Continued

(r) Going concern continued

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.

(s) New, revised or amending Accounting Standards and 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.

AASB 15 Revenue from contracts with customers
The group has adopted AASB 15 Revenue from Contracts with Customers from 1 January 2018 which did not have any impact on the 31 December 2017 comparative results.

The core principle of AASB 15 is that an entity should 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. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under AASB 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when ‘control’ of the goods or services underlying the particular performance obligation is transferred to the customer.

Refer to the Group’s revenue recognition policy in Note 2(b). The standard has not had a material impact on the transactions and balances recognised in the financial statements and comparative results for year ended 31 December 2017.

2. Summary of Significant Accounting Policies Continued

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

AASB 9 Financial Instruments

AASB 9 Financial Instruments replaces AASB 139 Financial Instruments: Recognition and Measurement. It makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an 'expected credit loss' model for impairment of financial assets. When adopting AASB 9, the Group has applied transitional relief and opted not to restate prior periods. Differences arising from the adoption of AASB 9 in relation to classification, measurement, and impairment are recognised in opening retained earnings as at 1 January 2018.

AASB 9 also contains new requirements on the application of hedge accounting. The new hedge accounting looks to the align hedge accounting with entities' risk management activities look to align hedge accounting more closely with entities' risk management activities by increasing the eligibility of both hedged items and hedging instruments and introducing a more principles-based approach to assessing hedge effectiveness.

The adoption of AASB 9 has impacted the following areas:

Classification and measurement of the Group's financial assets

There has been no change in the classification and measurement of the Group's financial assets. The Group's financial assets as at 31 December 2017 comprised cash and cash equivalents and trade and other receivables which were previously carried at amortised cost under AASB 139. These financial assets continue to be carried at amortised cost as they represent debt instruments, for which the Group's business model is to hold to collect the contractual cash flows. The characteristics of the contractual cash flows are that of solely payments of the principal amount and interest (referred to as 'SPPI').

Impairment of financial assets

For trade receivables under AASB 15 the Group applies a simplified approach of recognising lifetime expected credit losses as these items do not have a significant financing component. The impairment allowance for trade receivables was increased by MYR 955,321 at 1 January 2018.

Reconciliation of financial instruments on adoption of AASB 9

Assets	Note	Measurement category		Carrying amount		
				MYR	MYR	MYR
Current assets Trade and other receivables	9	Amortised cost	Amortised cost	2,951,936	(955,321)	1,996,615

Reconciliation of equity for the impact on adoption of AASB 9 at 1 January 2018

	MYR
Closing balance 31 December 2017 – AASB 139	19,352,854
Impairment – trade receivables under simplified approach	(955,321)
Opening balance 1 January 2018 – AASB 9	20,308,175

2. Summary of Significant Accounting Policies Continued

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

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

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 Interpretation 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 month 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 companies;
- 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, due to current short term nature of its leases.

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 statement show ever as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

Key estimates – impairment of 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 hereafter.

During the year, the Group conducted on impairment assessment on its capitalised development costs based on future cash flows. The anticipated sales from the Malaysia Government have not materialised during the year, which resulted in a full impairment charge of MYR 1,961,448 on the capitalised development costs.

3 Critical Accounting Estimates and Judgments

Key estimates – recoverability of trade receivables

Included in trade receivables at the end of the reporting period is an amount receivable from a major customer amounting to MYR 1,035,065. The receivables is overdue as at 31 December 2018. This balance will be settled on a net basis as the Group currently owes the same debtor or amount of MYR 1,457,765, which is significantly higher than the receivable balance.

Key estimates – fair value of payables

Included in non-current trade and other payables and borrowings at the end of the reporting period are a total of MYR 1,648,121 (2017: MYR 2,336,402) 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 7.04% (2017: 7.04%) and this has been used as a discount rate.

Notes to the Financial Statements
For the Year Ended 31 December 2018

4 Revenue and other income

	Consolidated	
	2018	2017
	MYR	MYR
Sales revenue		
- Sales of goods	126,000	1,111,412
Total Revenue	126,000	1,111,412

	Consolidated	
	2018	2017
	MYR	MYR
Other Income	31,099	253,999
Total Other Income	31,099	253,999

5 Results for the Year

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

	Consolidated	
	2018	2017
	MYR	MYR
Finance Costs		
Financial liabilities measured at amortised cost:		
- Interest on obligations under finance lease	1,611	3,024
- **Total interest expense**	1,611	3,024
- Other finance costs	2,108	1,576
Total finance costs	3,719	4,600

The result for the year includes the following specific expenses:

	Consolidated	
	2018	2017
	MYR	MYR
Cost of sales	284,300	1,720,965
Other expenses:		
Employee benefits expense	837,000	911,247
Depreciation and Amortisation expense	9,537	2,686,326
Impairment of intangible assets	1,961,448	681,000
Inventories written down	49,500	99,400
Fair value movement on non-current payables	126,243	(229,163)
Research costs expensed	150	5,343
Consulting fees	376,383	531,364
Audit fees	533,742	272,157
Bad debts written off	8,560	584,200
Write off of other receivables	124,897	129,253
Rental expense on operating leases:		
- Other lease payments	30,000	27,500
Business development expenditure	-	1,918,705

6 Income tax expense

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

	Consolidated	
	2018	2017
	MYR	MYR
Income tax expense	-	-
Profit/(Loss) before tax	(4,940,492)	(8,943,482)
Tax rate (weighted average based on 30% in Australia, 33.33% in France and 24% in Malaysia)	29.6%	26.9%
	(1,461,780)	(2,407,152)
Add:		
Tax effect of:		
- other non-allowable items	754,915	1,044,311
- non taxable income	-	(65,359)
- allowable R&D expenditure	-	(242,181)
- deferred tax assets not brought to account	706,865	1,670,381
Income tax expense	-	-
Weighted average effective tax rate	-%	-%

(b) Unrecognised deferred tax assets

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

	Consolidated	
	2018	2017
	MYR	MYR
Tax losses	4,424,317	6,799,246
Other temporary differences	679,477	426,822
	5,103,794	7,226,068
Unrecognised deferred tax assets (weighted average based on 30% in Australia, 33.33% in France and 24% in Malaysia) (2017; 30% and 24% respectively)	1,460,393	2,104,556

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.

6 Income tax expense continued

(c) Current tax liability

	Consolidated	
	2018	2017
	MYR	MYR
Opening balance	978,433	978,433
Income tax provision	-	-
Payment made	-	-
Closing balance	978,433	978,433

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 reportable segment, being the design development and commercialisation of high tech mobile wireless computing and telecommunications devices. The revenue of the Group is generated from customers domiciled in Malaysia.

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. All the non-current assets are located in Malaysia.

8 Cash and cash equivalents

	Consolidated	
	2018	2017
	MYR	MYR
Cash and bank balances	8,727	10,638
	8,727	10,638

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:

	Consolidated	
	2018	2017
	MYR	MYR
Cash and cash equivalents	8,727	10,638

9 Trade and other receivables

	Consolidated	
CURRENT		
Trade receivables	1,035,065	1,072,619
Provision for impairment	-	-
	1,035,065	1,072,619
Deposits	441,300	944,048
Other receivables	20,513	935,269
	461,813	1,879,317
Total current trade and other receivables	1,496,878	2,951,936

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 Statement.

(a) Impairment of receivables

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

	Consolidated	
	2018	2017
	MYR	MYR
Opening balance	-	-
Charge for the financial year:	-	-
Provision utilised	-	-
Balance at end of the year	-	-

(b) Aged analysis

The ageing analysis of receivables is as follows:

	Consolidated	
	2018	2017
	MYR	MYR
Not past due	-	35,000
31 + days (past due not impaired)	-	-
91 + days (past due not impaired)	1,035,065	1,037,619
	1,035,065	1,072,619

As at 31 December 2018, trade receivables of MYR 1,035,065 were past due but not impaired. This balance will be settled on a net basis as the Group currently owes the same debtor an amount of MYR 1,457,765, which is significantly higher than the receivable balance. Refer to Note 21 to the financial statements for information on credit risk.

Notes to the Financial Statements
For the Year Ended 31 December 2018

10 Inventories

	Consolidated	
	2018	2017
	MYR	MYR
CURRENT		
At lower of cost and net realiseble value		
Finished goods	27,500	314,600
	27,500	314,600

11 Plant and equipment

PLANT AND EQUIPMENT

	Consolidated	
	2018	2017
	MYR	MYR
Motor vehicles		
Cost:	183,412	239,187
Accumulated depreciation	(183,412)	(239,187)
Total motor vehicles	-	-
Office equipment		
Cost	23,502	20,701
Accumulated depreciation	(17,258)	(12,557)
Total office equipment	6,244	8,144
Computer equipment		
Cost	132,809	129,809
Accumulated depreciation	(127,934)	(125,343)
Total computer equipment	4,875	4,466
Improvements		
Cost	28,620	28,620
Accumulated depreciation	(18,883)	(16,638)
Total improvements	9,737	11,982
Total property, plant and equipment	20,856	24,592

Notes to the Financial Statements
For the Year Ended 31 December 2018

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	Office Equipment MYR	Computer Equipment MYR	Improvements MYR	Total MYR
Year ended 31 December 2018				
Balance at the beginning of year	8,144	4,466	11,982	24,592
Additions	2,800	3,000	-	5,800
Depreciation expense	(4,701)	(2,592)	(2,245)	(9,538)
Balance at the end of the year	6,243	4,874	9,737	20,854

Consolidated	Office Equipment MYR	Computer Equipment MYR	Improvements MYR	Total MYR
Year ended 31 December 2017				
Balance at the beginning of year	6,404	7,722	14,844	28,970
Additions	4,900	-	-	4,900
Depreciation expense	(3,160)	(3,256)	(2,862)	(9,278)
Balance at the end of the year	8,144	4,466	11,982	24,592

(b) Leased assets

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

	Consolidated	
	2018 MYR	2017 MYR
Costs	239,187	239,187
Accumulated depreciation	(239,187)	(239,187)
Net book value	-	-

12 Intangible Assets

	Consolidated	
	2018	2017
	MYR	MYR
Development costs		
At cost:	10,734,395	9,485,818
Accumulated amortisation	(4,372,947)	(4,372,947)
Accumulated impairment	(6,361,448)	(4,400,000)
Net carrying value	-	712,871
Rights		
At cost:	7,210,000	7,210,000
Accumulated amortisation and impairment	(7,210,000)	(7,210,000)
Net carrying value	-	-
Total Intangible assets	-	712,871

(a) Movements in carrying amounts of intangible assets

Consolidated	**Rights MYR**	**Development costs MYR**	**Total MYR**
Year ended 31 December 2018			
Balance at the beginning of the year	-	712,871	712,871
Addition	-	1,248,577	1,248,577
Impairment	-	(1,961,448)	(1,961,448)
Closing value at 31 December 2018	-	-	-

Consolidated	**Rights MYR**	**Development costs MYR**	**Total MYR**
Year ended 31 December 2017			
Balance at the beginning of the year	2,123,000	1,235,048	3,358,048
Additions	-	712,871	712,871
Amortisation	(1,442,000)	(1,235,048)	(2,677,048)
Impairment	(681,000)	-	(681,000)
Closing value at 31 December 2017	-	712,871	712,871

(b) Impairment assessment

During the year, the Group conducted on impairment assessment on its capitalised development costs based on future cash flows. The anticipated sales from the Malaysia Government have not materialised during the year, which resulted in a full impairment charge of MYR 1,961,448 on the capitalised development costs.

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. These have been fully impaired in the previous year as the Group no longer generates economic benefits from the site licensing rights.

Notes to the Financial Statements
For the Year Ended 31 December 2018

13 Trade and other payables

	Consolidated	
	2018	2017
	MYR	MYR
CURRENT		
Trade payables (a)	1,711,558	1,711,032
Other payables and accruals	2,293,275	2,066,344
	4,004,833	3,777,376

	Consolidated	
	2018	2017
	MYR	MYR
NON-CURRENT		
Related party payables	599,745	1,345,050
Other payables	1,048,376	991,352
	1,648,121	2,336,402

Certain non-current payables are interest free and stated at fair value. Fair value has been calculated based on an assumed interest rate 7.14% per annum. Refer to note 32 for further disclosures in relation to fair value. The reconciliation is as follows:

	Consolidated	
	2018	2017
	MYR	MYR
Related party payables (c)	688,447	1,579,193
Other payables (b)	1,203,426	1,135,846
Fair value adjustment	(243,752)	(378,637)
	1,648,121	2,336,402

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

(b) Amounts included in non-current other payables represent shareholders advances, 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.

14 Borrowings

	Note	Consolidated 2018 MYR	2017 MYR
CURRENT			
Secured liabilities:			
Lease liabilities (a)	20	20,532	19,631
Term loan (b)		-	-
Total current borrowings		20,532	19,631

	Note	Consolidated 2018 MYR	2017 MYR
NON-CURRENT			
Unsecured liabilities:			
Amount owing to directors (c)		43,742	43,824
		43,742	43,824
Secured liabilities:			
Lease liabilities (a)	20	20,515	41,681
		20,515	41,681
Total non-current borrowings		64,257	85,505

(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, interest free and payable in two (2) years.

	Consolidated 2018 MYR	2017 MYR
Amount owing to directors	50,211	50,211
Fair value adjustment	(6,469)	(6,387)
	43,742	43,824

Notes to the Financial Statements
For the Year Ended 31 December 2018

15 Deferred Income

	Consolidated	
	2018	2017
	MYR	MYR
Current portion	24,700	24,700
Non-current portion	12,350	37,050
	37,050	61,750

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) year.

16 Issued Capital

	Consolidated	
	2018	2017
	MYR	MYR
390,140,547 (2017: 345,365,182) ordinary shares (a)	21,499,611	10,807,041
Share application monies (b)	3,357,666	3,357,666
	24,857,277	14,164,707

(a) Ordinary shares

	Consolidated		Consolidated	
	2018	2017	**2018**	2017
	No.	No.	**MYR**	MYR
At the beginning of the reporting year	345,365,182	345,365,182	14,164,707	14,164,707
Shares issued during the year (i)	16,420,884	-	3,941,010	-
Shares issued during the year (ii)	28,354,481	-	6,751,560	-
At the end of the reporting year	390,140,547	345,365,182	24,857,277	14,164,707

(i) On 28 November 2018, 16,420,884 ordinary shares were issued to Giro Multimedia Sdn Bhd, as part of the debt swap arrangement to settle the amount owed to TOP ATC Industries Sdn Bhd. As the fair value of equity issued could not be reliably measured due to Limited trading of shares during the year, the fair value of loan extinguished was used.

(ii) On 28 November 2018, 28,354,481 ordinary shares were issued to Giro Multimedia Sdn Bhd to acquire its 8.21% interest in Advance Tech Communications Sdn Bhd. This resulted in an equity adjustment, being the difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid.

(b) Share application monies

	Consolidated	
	2018	2017
	MYR	MYR.
At the beginning of the reporting year	3,357,666	3,357,666
At the end of the reporting year	3,357,666	3,357,666

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.

Notes to the Financial Statements
For the Year Ended 31 December 2018

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 Groups' 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.

17 Earnings per Share

(a) Earnings used to calculate overall earnings per share

	Consolidated	
	2018	2017
	MYR	MYR
Earnings used to calculate overall earnings per share	(3,480,486)	(7,566,013)

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

	Consolidated	
	2018	2017
	MYR	MYR
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	349,547,496	345,365,182

18 Retained Earnings

	Consolidated	
	2018	2017
	MYR	MYR
Retained earnings (accumulated losses)		
At the beginning of the financial year	(19,352,854)	(11,786,841)
Adjustment on initial application of AASB 9	(955,319)	-
Loss for the year attributable to members of the parent entity	(3,480,486)	(7,566,013)
Retained earnings at end of the financial year	(23,788,659)	(19,352,854)

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:

	Consolidated	
	2018	2017
	MYR	MYR
Balance at 1 January	2,810,654	2,810,654
Movement in equity as a result of acquisition of non-controlling interests during year (refer to Note 16)	(7,458,789)	-
	(4,648,135)	2,810,654

19 Reserves and non-controlling interest continued

(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.

20 Capital and Leasing Commitments

(a) Finance Leases

	Consolidated	
	2018	2017
	MYR	MYR
Minimum lease payments:		
- Not later than one year	21,876	21,876
- between one year and five years	21,007	43,517
-Later than five years	-	-
Minimum lease payments	42,883	65,393
Less: finance changes	(1,836)	(4,081)
Present value of minimum lease payments	41,047	61,312

(b) Operating Leases

There were property rental on office premises at MYR2,500/month during the year ended 31 December 2018, until option of purchase of premises is exercised.

(c) Contracted Commitments

Contracted commitments for:

Company

	2018	2017
	MYR	MYR
Capital expenditure in respect of purchase of property, plant and equipment		
Contracted but not provided for	-	-

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.

Notes to the Financial Statements
For the Year Ended 31 December 2018

21 Financial Risk Management continued

Objectives, policies and processes

Risk management is carried out by the Group's risk management committee under the delegated power from the Board of Directors. The 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 Risk Management Committee believes the Board should be aware of.

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

Liquidity risk

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

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

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

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

Consolidated	On demand or within 1 year		1 to 5 years		More than 5 years		Total	
	2018 MYR	2017 MYR	2018 MYR	2017 MYR	2018 MYR	2017 MYR	2018 MYR	2017 MYR
Lease liabilities	21,876	21,876	21,007	43,517	-	-	42,883	65,393
Amounts owing to	-	-	50,211	50,211	-	-	50,211	50,211
Trade and other payables	4,004,833	3,842,086	1,203,426	1,135,846	-	-	5,208,259	4,977,932
Related party payables	-	-	688,447	1,579,193	-	-	688,447	1,579,193
Total	4,026,709	3,863,962	1,963,091	2,808,767	-	-	5,989,800	6,672,729

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 2018

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 rate.

(ii)Other price risk

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

(b) 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 terms are generally for a period of one (1) month, extending up to two (2) months. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. At 31 December 2018 100% of trade receivables were due from one (1) major customer. 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 one (1) major customer of the Group represented 100% (MYR 1,035,065) (2017:one major customers represented 2017 96%: MYR 1,035,065) of total trade receivables of the Group. There is no other significant concentration of credit risk. This balance will be settled on a net basis as the Group currently owes the same debtor an amount of MYR 1,457,765, which is significantly higher than the receivable balance. Refer to Note 21 to the financial statements for information on credit risk

Notes to the Financial Statements

For the Year Ended 31 December 2018

21 Financial Risk Management continued

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.

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:

	2018 MYR	2017 MYR
Short-term employee benefits	830,100	788,400

Other key management personnel transactions

For details of other transactions with key management personnel, refer to Note 27 to the financial statements.

24 Remuneration of Auditors

	Consolidated	
	2018 MYR	2017 MYR
Remuneration of the auditor of the parent entity, BDO Audit Pty Ltd for:		
Remuneration of the auditor of the parent entity. BDO Audit Pty Ltd, for auditing or reviewing the financial Statements	451,893	201,407
Remuneration of related auditors of subsidiaries for:		
- Auditing or reviewing the financial statements of subsidiaries	78,796	70,750
Total	530,689	272,157

25 Controlled Entities and Transactions with Non-Controlling Interests

(a) Composition of the Group

	Principal place of business I Incorporation	Percentage Owned(%)* 2018	Percentage Owned(%)* 2017
Subsidiaries:			
AdvanceTC Sdn Bhd	Malaysia	100	100
Advance Tech Communications Sdn Bhd	Malaysia	95	87
AdvanceTC Cilicon SAS *	France	75	75

* The Group has entered into an agreement with Cilicon Limited, a Hong Kong based entity associated with Mr Herve Jegou. Under this agreement the parties will establish an entity in France. While this entity has begun operations, the company is yet to be registered.

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

Advance Tech Communications Sdn Bhd	**2018 MYR**	2017 MYR
NCI percentage of ownership interest and voting interest	4.6%	12.8%
Carrying amount of NCI	(1,010,080)	(252,280)
Loss allocated to NCI	(1,460,008)	(762,782)

AdvanceTC Cilicon SAS	**2018 MYR**	2017 MYR
NCI percentage of ownership interest and voting interest	25%	25%
Carrying amount of NCI	(609,668)	(614,687)
Loss allocated to NCI	-	(614,687)

25 Controlled Entities and Transactions with Non-Controlling Interests continued

(a) 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:

Advance Tech Communications Sdn Bhd	**2018 MYR**	2017 MYR
Summarised statement of financial position		
Non-current assets	20,854	24,593
Current assets	51,918	6,343,877
Current liabilities	(2,873,588)	(2,818,704)
Non-current liabilities	(8,135,084)	(5,526,962)
Net assets	(10,935,900)	(1,977,196)
Summarised statement of profit or loss and other comprehensive income		
Revenue and other income	157,099	112,482
Expenses	(6,800,379)	(6,071,718)
Profit/(loss) before income tax expenses	(6,643,280)	(5,959,236)
Income tax expense	-	-
Profit/(loss) after income tax expenses	(6,643,280)	(5,959,236)
Other comprehensive income	-	-
Total comprehensive income	(6,643,280)	(5,959,236)
Summarised statement of cash flows		
Cash flows used in operating activities	(1,234,822)	153,935
Cash flows used in investing activities	1,255,603)	(118,987)
Cash flows used in financing activities	(20,265)	(90,907)
Net increase/(decrease) in cash and cash equivalents	516	(55,959)

AdvanceTC Cilicon SAS	**2018 MYR**	2017 MYR
Summarised statement of financial position		
Non-current assets	-	712,871
Current assets	1,476,365	1,476,365
Current liabilities	-	(1,457,766)
Non-current liabilities	(6,373,783)	(3,190,218)
Net assets	(4,897,418)	(2,458,748)
Summarised statement of profit or loss and other comprehensive income		
Revenue and other income	-	1,035,065
Expenses	(2,438,671)	(3,493,813)
Profit/(loss) before income tax expenses	(2,438,671)	(2,548,748)
Income tax expense	-	-
Profit/(loss) after income tax expenses	(2,438,671)	(2,548,748)
Other comprehensive income	-	-
Total comprehensive income	(2,438,671)	(2,548,748)
Summarised statement of cash flows		
Cash flows used in operating activities	4,897,418	2,477,347
Cash flows used in investing activities	-	712,871
Cash flows used in financing activities	-	(3,190,218)
Net increase/(decrease) in cash and cash equivalents	4,897,418	-

26 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 31 December 2018 (31 December 2017: None).

27 Related Parties Transactions

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.

(iii) Other related parties:

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

The following transactions occurred with related parties:

<u>Other related parties</u>

	2018 MYR	2017 MYR
Purchase of goods and services:		
Purchase of goods from Cilicon Limited, a company domiciled in Hong Kong of which Herve Jegou is a director and shareholder	-	1,457,765
Business development expenditure charged by Cilicon Limited, a company domiciled in Hong Kong of which Herve Jegou is a director and shareholder	-	1,918,205
Sales of goods and services:		
Payments made for salaries of employees and KMP on behalf of Top ATC Industries Sdn Bhd	-	-
Sale of goods to Cilicon Limited, a company domiciled in Hong Kong of which Herve Jegou is a director and shareholder	-	1,035,065

Notes to the Financial Statements
For the Year Ended 31 December 2018

27 Related Parties continued

		2018 MYR	2017 MYR
	Amounts outstanding from related parties:		
	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	-	203,011
	Loan advanced	-	-
	Loan repayment received	-	(203,011)
	Interest charged	-	-
	Interest received	-	-
	End of the year	-	-
(ii)	Loans to AdvanceTC Global Limited (a company domiciled in Hong Kong with common directors):		
	Beginning of the year	-	231,330
	Loan advanced	-	-
	Loan repayment received	-	(231,330)
	Interest charged	-	-
	Interest received	-	-
	End of the year	-	-
(iii)	Loans to Top ATC Industries Sdn Bhd (a company domiciled in Malaysia with common directors):		
	Beginning of the year	-	109,316
	Loan advanced	-	-
	Loan repayment received	-	(109,316)
	Interest charged	-	-
	Interest received	-	-
	End of the year	-	-
(iv)	Loans to AdvanceTC Land Development Sdn Bhd (a company domiciled in Malaysia with common directors):		
	Beginning of the year	-	3,406
	Loan advanced	-	-
	Loan repayment received	-	(3,406)
	Interest charged	-	-
	Interest received	-	-
	End of the year	-	-
(iv)	Trade receivable owing from Cilicon Limited (a company domiciled in Hong Kong of which Herve Jegou is the director and shareholder)		
	Beginning of the year	1,035,065	3,620,713
	Sale of goods	-	1,035,065
	Repayments received	-	(3,620,713)
	End of the year	1,035,065	1,035,065
	Total related party receivables (refer note 9)	1,035,065	1,035,065

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

27 Related Parties continued

(b) Amounts payable to related parties:

	2018 MYR	2017 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	50,211	54,861
Loan advanced	-	-
Loan repayment received	-	(4,650)
Interest charged	-	-
Interest received	-	-
End of the year (refer to note 14)	50,211	50,211
(ii) Loans from Top ATC Industries Sdn Bhd		
Beginning of the year	1,579,192	-
Loan advanced	3,565,416	2,138,192
Loan repayment received	(515,150)	(559,000)
Interest charged	-	-
Interest received	-	-
End of the year (refer to note 13)	4,629,458	1,579,192
Transfer of debt to Giro Multimedia Sdn Bhd	(3,941,011)	-
	688,447	1,579,192
(iii) Loans from Cilicon Limited		
Beginning of the year	-	-
Purchases during the year	1,457,765	1,457,765
End of the year (refer to note 13)	1,457,765	1,457,765
Total	2,196,423	3,087,168

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 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.

29 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

Investments in subsidiaries are accounted for at cost less accumulated impairment in the financial statements of the parent entity.

	Consolidated	
	2018	2017
	MYR	MYR
Statement of Financial Position		
Assets		
Current assets	4,820	7,247
Non-current assets	-	-
Total Assets	4,820	7,247
Liabilities		
Current liabilities	(694,641)	(519,050)
Total Liabilities	(694,641)	(519,050)
Equity		
Issue capital	24,857,277	14,164,705
Accumulated losses	(25,547,098)	(14,676,508)
Total (Deficit) / Equity	(689,821)	(511,803)
Statement of Profit or Loss and Other Comprehensive Income		
Total profit or loss for the year	(808,885)	(3,221,912)
Other comprehensive income	-	-
Total comprehensive income	(808,885)	(3,221,912)

(a) The parent company has no commitments as at 31 December 2018

(b) The parent company has no contingencies as at 31 December 2018

(c) The parent company has not provided any guarantees to its subsidiaries as at 31 December 2018.

30 Company details

The registered office of the Company is:
AdvanceTC Limited
Level 12, Grosvenor Place
225 George Street
SYNEY NSW 2000
Australia

31 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

31 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 December2018			
	Note	**Level 1 $000**	**Level 2 $000**	**Level 3 $000**	**Total $000**
Recurring fair value measurements					
Financials liabilities					
Related party payables	13	-	-	599,745	599,745
Other payables	13	-	-	1,048,376	1,048,376
Amount owing to directors	14	-	-	43,742	43,742
Total liabilities recognised at fair value		-	-	1,691,863	1,691,863

		31 December2017			
	Note	**Level 1 $000**	**Level 2 $000**	**Level 3 $000**	**Total $000**
Financial liabilities					
Related party payables	13	-	-	1,345,050	1,345,050
Other payables	13	-	-	991,352	991,352
Amount owing to directors	14	-	-	43,824	43,824
Total liabilities recognised at fair value		-	-	2,380,226	2,380,226

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

Related party and other payables

A number of advances from related parties and shareholders have been provided and are unsecured, interest free and have no 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	**Estimated Sensitivity of Fair Value measurement to Changes in Unobservable Inputs**
Discount rate (risk adjusted) – 7.14%	If discount rate is 0.1% (10 bps) higher/lower, the fair value would increase/decrease by $5,881

Valuation processes

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

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

31 Fair value Measurements continued

c. Reconciliation of Recurring Level 3 Fair Value Measurements

	Related party payables MYR	Other payables MYR	Amounts owing to directors MYR
Balance at the beginning of the year	1,345,050	991,352	43,824
Additions during the year	3,565,416	-	-
Fair value (gains)/losses recognised in profit or loss during the year	145,441	57,024	(82)
Transfers/Settlements during the year	(4,456,162)	-	-
Balance at the end of the year	599,745	1,048,376	43,742

There were no transfers between Level 2 and Level 3 for liabilities measured at fair value on a recurring basis during the reporting period (2017: no transfers).

Directors'Declaration

The directors of the Company declare that:

1. The financial statements and notes for the year ended 31 December 2018 are in accordance with the Corporations Act 2001 and:

   a. comply with Australia Accounting Standard, 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 Pheng LOI

Dated 29 March 2019

Tel: +61 7 3237 5999
Fax: +61 7 3221 9227
www.bdo.com.au

Level 10, 12 Creek St
Brisbane QLD 4000
GPO Box 457 Brisbane QLD 4001
Australia

INDEPENDENT AUDITOR'S REPORT

To the members of AdvanceTC Limited

Report on the Audit of the Financial Report

Disclaimer of opinion

We were engaged to audit 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 2018, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

We do not express an opinion on the accompanying financial report of the Group. Because of the significance of the matter described in the Basis for disclaimer of opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on this financial report.

Basis for disclaimer of opinion

As disclosed in Note 2 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.

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 responsibility is to conduct an audit of the financial report in accordance with Australian Auditing Standards and to issue an auditor's report. However, because of the matter described in the *Basis for disclaimer of opinion* section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial report.

We are independent of the Group in accordance with 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.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 10 to 14 of the directors' report for the year ended 31 December 2018.

In our opinion, the Remuneration Report of AdvanceTC Limited, for the year ended 31 December 2018, 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

BDO

R M Swaby
Director

Brisbane, 29 March 2019

Additional Information for Listed Public Companies
31 December 2018

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 2018.

Substantial shareholders
The substantial shareholders are set out below:

Shareholders	%
Jonathan Yeow Koon LOI	17.8
Giro Multimedia SDN BHD	11.5
Cheng Pheng LOI	10.0

Voting rights

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

Options
No voting rights.

Distribution of holders of quoted ordinary share

Range	**Holders**	**Units**	**Percentage**
1 -1,000	87	77,850	0.02%
1,001 -5,000	155	553,385	0.14%
5,001 -10,000	61	546,338	0.14%
10,001-100,000	128	5,296,288	1.36%
100,001 and over	104	383,666,686	99.34%
	535	**390,140,547**	**100.00%**

Additional Information for Listed Public Companies
31 December 2018

	Ordinary shares	
	Number held	**% of Issued shares**
JONATHAN LOI YEOW KOON	69,549,840	17.8%
GIRO MULTIMEDIA SDN BHD	44,775,365	11.5%
LOI CHENG PHENG	39,192,540	10.0%
AHMAD GHITI BIN MOHD DAUD	24,523,730	6.3%
YONG LOONG CHEN	16,400,000	4.2%
BVMALLS HONG KONG LIMITED	15,000,000	3.8%
A88 TRADING & HOLDINGS PTE LTD	15,000,000	3.8%
AZAH BINTI MD KHALID	14,323,730	3.7%
HOOI BENG LIM	10,089,125	2.6%
MON SPACE (M) SDN BHD	8,310,606	2.1%
CHANG TIAM HOCK	7,341,550	1.9%
TECK SOON CHONG	7,000,000	1.8%
HAN PEIR LOW	6,800,000	1.7%
YEONG KOK WAH	6,600,000	1.7%
SOON WAN CHING	6,382,000	1.6%
WONG SIEW YIN	4,100,000	1.1%
NG GUAT CHOO	3,800,000	1.0%
CHI YIN SIMON WONG	3,700,000	0.9%
LEE GIM KEONG	3,280,000	0.8%
YOON KEONG YUAN	3,000,000	0.8%
Other number of securities	80,972,061	20.8%

Unissued equity securities
There are no unissued equity securities

Securities exchange
The Company is listed on the National Stock Exchange of Australia