

AFT CORPORATION LIMITED

ABN 33 004 701 062

And Controlled Entities

Annual Report

For the Financial Year

Ended 31 December 2008

AFT CORPORATION LIMITED - ABN 33 004 701 062

and Controlled Entities

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**AFT CORPORATION LIMITED - ABN 33 004 701 062
and Controlled Entities**

CORPORATE INFORMATION

Directors: Stone Wang – Executive Director
Raymond Seeto – Executive Director
Neil Bourne – Non Executive Director

Secretary: Maurice Watson

Registered Office: Level 6, 333 George Street,
Sydney, New South Wales, 2000
Telephone: (02) 9299 2570, Facsimile: (02) 9299 2571

Auditors: Grant Thornton (WA) Partnership
Level 1, 10 Kings Park Road,
West Perth, Western Australia, 6005

ASX Home Branch: Australian Securities Exchange
2 The Esplanade,
Perth, Western Australia, 6000

Bankers: ANZ Banking Group Limited
Cnr King & George Streets
Sydney, New South Wales, 2000

Share Registry: Registries Limited
Level 7, 207 Kent Street,
Sydney, New South Wales, 2000
Telephone: (02) 9290 9600, Facsimile: (02) 9279 0664

Solicitors: Patterson Houen & Commins
Level 26, Northpoint, 100 Miller Street,
North Sydney, New South Wales, 2060

Piper Alderman
Level 23, Governor Macquarie Tower
1 Farrer Place, Sydney New South Wales, 2000

EXECUTIVE DIRECTOR'S REVIEW

The Year in Perspective

Dear Shareholders,

In the year to February 2009, your company has consolidated its turnaround and has made progress on developing new the business activities as identified in last year's annual report. In a period that has been turbulent on global markets, the company has successfully recapitalized and has a sound financial footing, positioning it to develop its current commercial activities and take advantage of new investment opportunities.

Consistent with its long-term focus on clean and green technology products and ancillary services, the Company has expanded its range of products and services in the areas of building materials, solar panels and logistics.

New business activities were initiated in the year to market glass curtain walls and solar panels. These businesses have been modestly funded in keeping with the Company's near-term objective to generate profitable cashflow whilst preserving capital. Starting from a low base, the Directors anticipate that these activities will have a visible and positive financial impact in the coming year.

Having established its strategy, and recapitalized the company, the Board and Management team are focused on the development of a portfolio of well managed, profit and cash generating businesses. There were no changes in the composition of the Board or the senior management team during the year.

I would like to ask all shareholders for their support and assistance as we work together to transform the fortunes of the Company.

Sincerely,



Stone Wang
Executive Director

Sydney, New South Wales

Date: 5 March 2009

CORPORATE GOVERNANCE STATEMENT

Corporate Governance

The Board of directors of AFT Corporation Ltd has adopted the following set of principles for the corporate governance of the Company and its controlled entities (the Group). The Board believes that, throughout the 2008 financial year and to the date of this report, it has complied with Australian Securities Exchange (ASX) Corporate Governance Principles and Recommendations. These principles establish the framework of how the Board carries out its duties and obligations on behalf of the shareholders.

ASX Best Practice Recommendations

The ASX Listing Rules require listed companies to include in their annual report a statement disclosing the extent to which they have complied with the ASX Best Practice Recommendations in the reporting period. These recommendations are guidelines designed to produce an efficiency, quality or integrity outcome. The recommendations are not prescriptive so that if a group considers that a recommendation is inappropriate having regard to its particular circumstances, the group has the flexibility not to follow it. Where a group has not followed all the recommendations, the annual report must identify which recommendations have not been followed and give reasons for not following them.

Details have been included at the end of this statement setting out the ASX Best Practice Recommendations with which the Group has and has not complied in the reporting period.

Details of the Group's corporate governance practices in the relevant reporting period are set out below.

The Board of Directors

Role of the Board

The primary responsibilities of the Board include:

- The establishment of the long term goals of the Group and strategic plans to achieve those goals.
- Monitoring the achievement of those goals; the review of management accounts and reports to monitor the progress of the Group.
- The review and adoption of budgets for the financial performance of the Group and monitoring the results on a regular basis to assess performance.
- The review and approval of the annual and half-year financial reports.
- Nominating and monitoring the external auditor.
- Approving all significant business transactions.
- Appointing and monitoring senior management.
- All remuneration, development and succession issues.
- Ensuring that the Group has implemented adequate systems of risk management and internal control together with appropriate monitoring of compliance activities.

The Board evaluates this policy on an ongoing basis. Of necessity, because of the size and scope of the Group's operations there is a substantial overlap between Board and management functions in all entities with the AFT Group.

Board Composition

The Directors' report contains details of the directors' skills, experience and education. The Board seeks to establish a Board that consists of directors with an appropriate range of experience, skill, knowledge and vision to enable it to operate the Group's business with excellence. Therefore the Board has an appropriate mix of

CORPORATE GOVERNANCE STATEMENT

commercial and industry experience.

The Board comprises three directors. Details of the directors are set out in the Directors' Report.

The Board is primarily responsible for identifying potential new directors but has the option to use an external consulting firm to identify and approach possible new candidates for directorship. The majority of the shareholders must approve the selection of the directors.

Retirement and Re-election of Directors

The Constitution of the Company requires one third of directors, other than the Managing Director, to retire from office at each Annual General Meeting. Directors who have been appointed by the Board are required to retire from office at the next Annual General Meeting and are not taken into account in determining the number of directors to retire at that Annual General Meeting. Retiring directors are eligible for re-election by shareholders.

Independence of Directors

The Board has reviewed the position and association of each of the three directors in office at the date of this report and considers that none of the directors are independent. In considering whether a director is independent, the Board has regard to the independence criteria in ASX Best Practice Recommendations Principle 2 and other facts, information and circumstances that the Board considers relevant. The Board assesses the independence of new directors upon appointment and reviews their independence, and the independence of the other directors, as appropriate.

Mr Stone Wang and Mr Raymond Seeto's directorships are held in an executive capacity by the Group.

Independent Professional Advice

With the prior approval of the Board, each director has the right to seek independent legal and other professional advice at the Group's expense concerning any aspect of the Group's operations or undertakings in order to fulfil their duties and responsibilities as directors.

Board Performance Review

The performance of all directors is assessed through review by the Board as a whole of a director's attendance at and involvement in Board meetings, his performance and other matters identified by the Board or other directors. Significant issues are actioned by the Board. Due to the Board's assessment of the effectiveness of these processes, the Board has not otherwise formalised measures of a director's performance.

The Group has not conducted a performance evaluation of the members of the Board during the reporting period, however the Board conducts a review of the performance of the Group against budgeted targets on an ongoing basis.

Directors' Remuneration

Details of the Group's remuneration policies are included in the "Directors' and executives' remuneration" section of the Directors' Report.

Non-executive directors will be remunerated by cash benefits alone and will not be provided with retirement benefits (except in exceptional circumstances). Executive directors may be remunerated by both fixed remuneration and equity performance based remuneration and no termination payments will be agreed other than the period of notice of termination as detailed in the executive's employment contract. Equity-based remuneration

CORPORATE GOVERNANCE STATEMENT

to executives is approved by shareholders.

Managing Business Risk

The Group maintains policies and practices designed to identify and manage significant business risks, including:

- Regular budgeting and financial reporting; procedures and policy controls to manage financial exposures and operational risks.
- The Group's business plan which is revised annually.
- Corporate strategy guidelines and procedures to review and approve the Group's strategic plans.
- Insurance and risk management programmes which are reviewed periodically by the Board.

The Board reviews these systems and the effectiveness of their implementation regularly and considers the management of risk at its meetings as an ongoing function of the Board. The Group's risk profile is, as a consequence, reviewed regularly. The Board may consult with the Group's external auditors on external risk matters or other appropriately qualified external consultants on risk generally, as required.

The Board receives regular reports about the financial condition and operating results of the consolidated group. The Managing Director annually provides a formal statement to the Board that in all material respects and to the best of his knowledge and belief.

The Group's financial report presents a true and fair view of the Group's financial condition and operational results and are in accordance with relevant accounting standards; and the Group's risk management and internal control systems are sound, appropriate and operating efficiently and effectively.

Internal Controls

Procedures have been established at the Board and executive management levels that are designed to safeguard the assets and interests of the Group, and to ensure the integrity of reporting. These include accounting, financial reporting and internal control policies and procedures. To achieve this, the executive directors perform the following procedures:

- Ensure appropriate follow-up of significant audit findings and risk areas identified.
- Review the scope of the external audit to align it with Board requirements.
- Conduct a detailed review of published accounts.

Audit Committee

Having regard to the number of members currently comprising the Group's Board, the Board does not consider it appropriate to delegate these responsibilities to a sub-committee of the Board, however meetings are held throughout the year between the Managing Director, members of the board individually, the full board and the Group's auditors to discuss the Group's ongoing activities and to discuss any proposed changes prior to their implementation and to seek advice in relation thereto.

The Board has not formalised any procedures for the selection, appointment or rotation of its external auditor but reviews this matter on an ongoing basis and implements changes as required.

Ethical Standards

The Directors are committed to establishing and maintaining practices throughout the AFT Group to maintain confidence in the Group's integrity. Public ownership corporate governance principles and controls are applied. All relevant policies are directed towards fair and ethical dealings with suppliers, customers and other stakeholders. All

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related party relationships are carefully monitored and disclosed and conflicts of interest dealt with appropriately.

Trading in the Group's Securities by Directors and Employees

Directors and employees are prohibited by law from dealing in the Group's securities whilst in possession of price sensitive information and all directors and employees are aware of this, and their obligations and responsibilities in relation to disclosure through the ASX of changes in director's shareholdings.

Continuous Disclosure

The Company's policies and procedures on continuous disclosure are designed to ensure that the company and the Board ensure compliance with ASX Listing Rule requirements on disclosure. The procedure adopted by the Group is essentially that any information which may need to be disclosed is considered by the Managing Director and or individual Directors and any other appropriate personnel to determine whether disclosure is required. If an announcement is required it is made within the timeframe required under the ASX Listing Rule on disclosure. The written policy of the company is as follows.

Directors have the duty to immediately notify the ASX of material information

The Group's policies require that all directors ensure compliance with continuous disclosure of the Corporations Act 2001. As such, once a director becomes aware of such information he/she needs to consult with other board members and forward the information to the secretary within 24 hours for disclosure with the ASX.

The ASX listing rules require companies to disclose to the market any information that might have a material effect on the company's share price.

There are however exceptions to this requirement and the rule and exceptions are as follows:

General Rule – listing rule 3.1

Once an entity is or becomes aware of any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities, the entity must immediately tell ASX that information.

Exceptions

Listing rule 3.1 does not apply to particular information while all of the following are satisfied.

3.1A.1: A reasonable person would not expect the information to be disclosed.

3.1A.2: The information is confidential and ASX has not formed the view that the information has ceased to be confidential.

3.1A.3: One or more of the following applies.

- It would be a breach of law to disclose the information.
- The information concerns an incomplete proposal or negotiation.
- The information comprises matters of supposition or is insufficiently definite to warrant disclosure.
- The information is generated for the internal management purposes of the entity.
- The information is a trade secret.

Shareholders

The Board aims to ensure that shareholders are kept informed of all major developments affecting the Group. Information is communicated to shareholders as follows:

- As the Group is a disclosing entity, regular announcements are made to the Australian Stock Exchange in accordance with the Group's continuous disclosure policy, including half-year reviewed accounts, year end audited accounts and an annual report.
- The Board ensures the annual report includes relevant information about the operations of the Group during the year, changes in the state of affairs and details of future developments.

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- Shareholders are advised in writing of key issues affecting the Group by effective use of the Group's share registry.
- Any proposed major changes in the Group's affairs are submitted to a vote of shareholders, as required by the Corporations Act 2001.
- The Board encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and identification of the Group's strategies and goals. All shareholders who are unable to attend these meetings are encouraged to communicate or ask questions by writing to the Group.
- The external auditor is requested to attend the Annual General Meetings to answer any questions concerning the audit and the content of the auditor's report.

The Board reviews this policy and compliance with it on an ongoing basis.

ASX Best Practice Recommendations

Pursuant to the ASX Listing Rules, the Company details the extent to which it does comply with the following Best Practice Recommendations, issued by the ASX Corporate Governance Council:

- **Recommendation 1.1:** Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.
The role of the Board and its primary responsibilities are set out above.
- **Recommendation 1.2:** Companies should disclose the process for evaluating the performance of senior executives.
The review process is disclosed above. The company does not have a formal review process in place as two of the directors are executives and they comprise the entire management team.
- **Recommendation 2.1:** A majority of the Board should be independent directors.
None of the Directors satisfies the test of independence. Mr Stone Wang and Mr Raymond Seeto are both currently fulfilling an executive role and Mr Neil Bourne is a retired executive of AFT. Given the nature and size of the Group, its business interests and the stage of development, the Board is of the view that there is an adequate and broad mix of skills required and that given their experience each of the Directors are aware of and capable of acting in an independent manner and in the best interests of the shareholders. If a conflict of interest arises, the Director concerned abstains from any voting and absents himself from the discussion.
- **Recommendation 2.2:** The Chair should be an independent director.
Due to the size of the company, the number of executives and employees, the board does not view that a separate Chairperson warranted. The role of Chairperson is filled by Mr Stone Wang.
- **Recommendation 2.3:** The roles of the Chair and Chief Executive Officer should not be exercised by the same individual.
The role of Chair and Chief Executive Officer is fulfilled by Mr Stone Wang. Given the size of the company, the number of executives and employees the board does not view a separation of the roles as warranted. As a matter of policy key decisions are reviewed with Mr Raymond Seeto and Mr Neil Bourne, both Board Members.
- **Recommendation 2.4:** The Board should establish a Nomination Committee.
The functions to be performed by a nomination committee under the ASX Best Practice Recommendations are currently performed by the full Board and this is reflected in the written policy setting out the responsibilities of

CORPORATE GOVERNANCE STATEMENT

the Board. Having regard to the number of members currently comprising the Group's Board, the Board does not consider it appropriate to delegate these responsibilities to a sub-committee. These arrangements will be reviewed periodically by the Board to ensure that they continue to be appropriate to the Group's circumstances.

- Recommendation 2.5 Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.

This is disclosed in the notes above. The executive directors are assessed against the performance of the company against budget on an ongoing basis. Due to the current size of the company and its financial position no other criteria is deemed necessary by the board in measuring board or individuals' performance.

- Recommendation 3.1 Companies should establish a code of conduct and disclose the code or a summary of the code as to :
 - The practices necessary to maintain confidence in the Group's integrity.
 - The practices necessary to take into account their legal obligations and the reasonable expectations of their shareholders.
 - The responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

No formal code of conduct has been established as to practise necessary to maintain confidence in the Group's integrity or as to reporting and investigating unethical practices. Due to the size of the Group, it is not considered that a code of conduct or reporting guide is yet necessary.

- Recommendation 3.2 Companies should establish a policy concerning trading in company securities by directors, senior executives and employees, and disclose the policy or a summary of that policy.

No formal policy concerning trading the Group securities by Directors, officer or employees has been disclosed. Although there was no written policy, as set out above, there is a clear understanding as to when trading is inappropriate.

Recommendation 4.1 The Board should establish an Audit Committee.

- Recommendation 4.2: Structure of the Audit Committee so that it consists of:
 - Only Non-Executive Directors;
 - A majority of Independent Directors;
 - An independent Chairperson, who is not chairperson of the Board;
 - At least three members.
- Recommendation 4.3 The Audit Committee should have a formal charter.

In relation to recommendations 4.1 to 4.3, the functions to be performed by an audit committee under the ASX Best Practice Recommendations are currently performed by the full Board and this is reflected in the written policy setting out the responsibilities of the Board. As there are only 3 Board members, the Board does not consider it appropriate to delegate these responsibilities to a sub-committee of the Board, nor is it possible at this stage to comply with Recommendation 4.2. However meetings are held between the Board and the auditors throughout the year to discuss the Group's ongoing activities and to discuss any proposed changes prior to their implementation and to seek advice in relation thereto. These arrangements will be reviewed periodically by the Board to ensure that they continue to be appropriate to the Group's circumstances.

- Recommendation 5.1 Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.

The company's policy on continuous disclosure is included on the preceding pages.

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- Recommendation 6.1: Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.

The Group's communication policy is set out above and reflects policies that were in place during the reporting year.

As set out above, the Board has established policies on risk oversight and management.

- Recommendation 7.1 Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.

These policies are disclosed above.

- Recommendation 7.2: The board should require 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 should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.

The Group's risk management and internal compliance and control system is being operated and supervised by the executive directors and so they have direct knowledge of the management of material business risks.

- Recommendation 7.3: The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation financial reporting risks.

The board has received this assurance from the Managing Director and the Chief Financial Officer.

- Recommendation 8.1: The Board should establish a Remuneration Committee

The functions to be performed by a remuneration committee under the ASX Best Practice Recommendations are currently performed by the full Board and this is reflected in the written policy setting out the responsibilities of the Board. Having regard to the number of members currently comprising the Group's Board, the Board does not consider it appropriate to delegate these responsibilities to a sub-committee. These arrangements will be reviewed periodically by the Board to ensure that they continue to be appropriate to the Group's circumstances.

- Recommendation 8.2 Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.

The distinction between non-executive and executive remuneration is detailed above.

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DIRECTORS' REPORT

The Board of Directors of AFT Corporation Ltd has pleasure in submitting its report on the company and its controlled entities (the Group or the Consolidated Entity) in respect of the financial year ended 31 December 2008.

Directors and Company Secretary

The names of directors in office at any time during or since the end of the financial year are:

Name	Role	Date of Appointment
Stone Wang	Executive Director	21 December 2007
Raymond Seeto	Executive Director	20 September 2007
Neil Bourne	Non-Executive Director	14 February 2007

Mr Stone Wang was appointed to the board on 21 December 2007. He has extensive experience in business in both Australian and China. Mr Stone Wang does not hold any other directorships in listed companies.

Mr. Raymond Seeto was appointed to the board on 20 September 2007. He holds a Bachelor in Business from Kuring-Gai UTS. Mr Raymond Seeto does not hold any other directorships in listed companies.

Mr Neil Bourne was appointed to the board on 14 February 2007. He holds a Masters in Business Administration and Bachelor of Science in Electronic Engineering. Mr Neil Bourne does not hold any other directorships in listed companies.

Company Secretary

Maurice Watson – CA

Maurice Watson is a member of the Institute of Chartered Accountants and has been in public practice as principal for 15 years.

Directorships of Other Listed Companies

The directors did not hold any directorship in any other listed companies

Directors' Interest in Equity Instruments

Relevant interests of the directors in the shares and options of the Company, as notified by the directors to the Australian Stock Exchange in accordance with S205G(1) of the Corporations Act 2001, as at the date of this report, are:

Name	Ordinary Shares Number		Unlisted Options over Ordinary shares Number	
	1 Jan 2008	5 March 2009	1 Jan 2008	5 March 2009
Stone Wang	126,702,670	613,405,340	-	-
Raymond Seeto	50,000,000	156,000,000	-	-
Neil Bourne	40,000,000	40,000,000	-	-

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DIRECTORS' REPORT

Directors' Meetings

During the period there were 18 meetings of directors, and 10 circulating resolutions pursuant to the Company's Constitution.

The attendance of directors was as follows:

	Held	Eligible	Attended
Stone Wang	18	18	15
Raymond Seeto	18	18	18
Neil Bourne	18	18	17

As at the date of this report the Company does not have a separately constituted audit committee. The Company is not of a size, nor are the affairs of a complexity, sufficient to warrant the existence of a separate audit committee. All matters, which could be delegated to such a committee, are dealt with by the full Board.

Principal Activities

The principal activity of the consolidated entity during the financial year was marketing of clean environment, clean and green building products and services and logistics services.

There were no other significant changes in the nature of the consolidated group's principal activities during the financial year.

Operating Results

The result for the financial period ended 31 December 2008 after income tax is a loss of \$1,121,403 (2007 loss: \$5,811,539).

Dividends

Since the end of the previous financial year no dividends have been paid or declared by the Company, and the directors of the Company recommend that no dividend be provided for the year ended 31 December 2008.

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DIRECTORS' REPORT

Review of Operations

In the latter half of the year ending December 2007, AFT raised \$1.296 million in new capital and used these funds to finalise restructuring the company, to put its activities in Microgenix air purification onto a sustainable commercial basis and to prepare the company to develop and investigate new activities in environmental technologies, including environmentally-friendly building products.

In February and March 2008, the company accomplished the fund raising program that a further \$2.759 million in new capital to provide the investment capital to develop new business activities in three areas: environmental technologies, environmentally-friendly building products and a potential joint-venture in a logistics operation. Each of these activities is grounded on exploiting key differences between the sophisticated Australian domestic market and the rapidly developing markets in China and Asia.

AFT now has small operational teams both in Guangzhou city in the People's Republic of China and in Sydney to undertake the new business development activities that were described by our CEO & Chairman Mr Stone Wang in his presentation to the Annual General Meeting that was released to the market on the 17 March 2008. Progress is being made in each of these areas and we look forward to being able to provide more substantive information when the results become more tangible.

On 30 May 2008 the Company held their Annual General Meeting in which all resolutions were passed.

On 25 August 2008 the company announced its half yearly results.

On 1 September 2008 the company announced a strategic partnership with Sanxin Glass Technologies Co, Ltd., Shenzhen, China to market high quality glass curtain wall products in the Australian and New Zealand markets.

On 3 October 2008 the company through its subsidiary Artemis Building Systems Pty Ltd (Artemis), has signed a Memorandum of Understanding with Suntech Australia to develop a strategic alliance to market Building Integrated Photovoltaic (BIPV) and other solar cell products in the Australian and Pacific Islands markets.

On 14 November 2008 the company announced its subsidiary (Artemis) has signed Distribution Agreements with Suntech Australia to market BIPV and other solar cell products in the Australian, New Zealand and Pacific Islands markets.

On 22 December 2008 the company announced it has negotiated an agreement and release with Symbol Technologies in the US. The claim was made in relation to goods purchased by a former subsidiary. The settlement was reached on a without admissions basis and the amount agreed has been accrued in the accounts.

Cash Flow

Costs are being tightly controlled and the company has adequate cash-flows to fund current operations and additional fund will be raising when there is a need.

Financial Position

The net assets of the consolidated group have increased by \$1,364,450 from 31 December 2007 to \$2,380,337 in 2008.

Risk Management

Procedures have been established by the Board to ensure the Company's risk management and internal compliance

and control system continues to operate efficiently and effectively in all material respects.

Significant Changes in State of Affairs

There were no matters that significantly affected the state of affairs of the consolidated entity during the financial year, other than the following:

- De-registration of UK-based operations, namely Microgenix Technologies Limited and Microgenix Global PLC
- Incorporation of Artemis Building Systems Pty Ltd and AFT Logistics Pty Ltd.

Events Subsequent to Balance Date

AFT Corporation Ltd's subsidiary Artemis Building Systems Pty Ltd has received an initial order in February 2009 of over \$500,000 in respect of its solar panel business.

Future Developments

The particular information required by section 299(1) (e) of the Corporations Act 2001 has been omitted from the report because the directors believe that it would result in unreasonable prejudice to the consolidated entity.

Environmental Issues

The consolidated group's operations are not subject to significant environmental regulation under the law of the Commonwealth and State.

Remuneration Report

This report details the nature and amount of remuneration for each key management person of the Company, and for the executives receiving the highest remuneration.

Key Management Personnel Remuneration

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

- The remuneration structure for executive officers, including executive directors, is based on a number of factors, including length of service, particular experience of the individual concerned, and overall performance of the Group.
- The contracts for service between the Company and the specified directors and executives are on a continuing basis. Mr Stone Wang's contract is for a period of three years from 1 January 2008 with options to renew. Mr Stone Wang's salary package was determined in accordance with independent expert advice.
- The group seeks to emphasise payment for results through providing various incentive payments based on share price performance and other financial and strategic and operational targets. Bonuses included below are based on these targets. The objective of the reward schemes is to both reinforce the short and long-term goals of the Group and to provide a common interest between management and shareholders.

Recognising the Group's requirement to preserve cash at this point, the Directors have voluntarily elected to increase the portion of their compensation packages paid in the form of shares. These shares were issued under the Employee Share Based Loan Plan explained on pages 17 to 19.

Details of the nature and amount of each element of the compensation of each key management personnel of the Company/Group are shown below:

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DIRECTORS' REPORT

2008

Key Management Person

	Short-term Benefits				Post-employment Benefits
	Cash, salary and commissions	Cash profit share	Non-cash benefit	Other	Super-annuation
	\$	\$	\$	\$	\$
Stone Wang	165,124	-	-	-	12,923
Raymond Seeto	90,000	-	25,000	-	9,533
Neil Bourne	15,000	-	-	-	1,125
	<u>270,124</u>	<u>-</u>	<u>25,000</u>	<u>-</u>	<u>23,581</u>

2008 (continued)

Key Management Person

	Other Long-term Benefits	Share-based Payment		Total	Performance Related
	Other	Equity	Options		
	\$	\$	\$	\$	%
Stone Wang	-	48,982	-	227,029	-
Raymond Seeto	-	14,287	-	138,820	-
Neil Bourne	-	-	-	16,125	-
	<u>-</u>	<u>63,269</u>	<u>-</u>	<u>381,974</u>	<u>-</u>

2007

Key Management Person

	Short-term Benefits				Post-employment Benefits
	Cash, salary and commissions	Cash profit share	Non-cash benefit	Other	Super-annuation
	\$	\$	\$	\$	\$
Stone Wang	-	-	-	-	-
Raymond Seeto	7,500	-	-	-	675
Neil Bourne	46,500	-	-	-	4,185
Jim Palmer (resigned 26 January 2007)	-	-	-	-	-
Douglas Wood (resigned 12 September 2007)	17,500	-	-	-	1,575
Robert Greenfield (resigned 21 December 2007)	422,500	32,000	-	-	17,818
	<u>494,000</u>	<u>32,000</u>	<u>-</u>	<u>-</u>	<u>24,253</u>

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2007 (continued)

Key Management Person	Other Long-term Benefits			Share-based Payment	Total	Performance Related
	Other	Equity	Options			
	\$	\$	\$			
Stone Wang	-	-	-	-	-	-
Raymond Seeto	-	-	-	8,175	-	-
Neil Bourne	-	-	-	50,685	-	-
Jim Palmer <i>(resigned 26 January 2007)</i>	-	-	20,318	20,318	-	-
Douglas Wood <i>(resigned 12 September 2007)</i>	-	-	20,318	39,393	-	-
Robert Greenfield <i>(resigned 21 December 2007)</i>	-	-	20,319	492,637	-	-
	-	-	60,955	611,208	-	-

Company Performance and Shareholder Wealth

	2004	2005	2006	2007	2008
Revenue \$'000	797	171	2,081	680	301
Net Loss \$'000	(976)	(2,889)	(4,961)	(5,811)	(1,121)
Share Price at Year-end (Cents per share)	0.02	0.01	0.001	0.001	0.001
Dividends paid	-	-	-	-	-

End of Remuneration Report

Employee and Director Share based Loan Plan

The Board has introduced a new employee/directors share plan called the AFT Corporation Limited Employee Loan Plan (Loan Plan). The Board believes the introduction of the Loan Plan is in the best interests of AFT Corporation Limited (the Company). The purpose of the Loan Plan is to better align the interests of shareholders and the employees/directors of AFT Corporation Limited (Employees) by linking the rewards of Employees to the long-term success of the Company. The Loan Plan will facilitate a comprehensive remuneration strategy for the Employees.

The Board believes the Loan Plan will:

1. create a stronger link between the shareholders, the Employees and the Company's overall financial performance as reflected by the performance of the Company's shares;
2. provide a direct remuneration linkage between any dividends received by shareholders and the rewards of Employees; and
3. increase productivity through increased participation in the Company by the Employees as shareholders.

Some of the key terms of the Loan Plan are set out below, the full Loan Plan Rules are available upon request from the Company Secretary.

DIRECTORS' REPORT

Maximum number of shares that can be issued

The maximum number of shares subject to the Loan Plan rules shall not exceed 15% of the issued capital of the Company.

Manner of acquisition

The Employees will be invited to subscribe for a new issue of the Company's shares. Generally, shares will be issued to the Employees at an issue price set by the Board with reference to the market price at the date of the allocation, being the weighted average price at which those shares were traded on the ASX over the one week period before the date of allocation and if there were no transactions on the ASX during that one week period, the last price at which an offer was made on the ASX in that period to buy such a share. A Company provided loan as outlined below would fund the acquisition cost of the shares. The shares will be registered in the name of the Employees, but will remain subject to restrictions on dealing as specified by the Board (which may include applying a holding lock to the shares) until the Employees become entitled to withdraw the shares from the Loan Plan (see below).

Performance hurdles

The Board will specify the performance hurdles that will generally need to be satisfied before the Employees may withdraw their shares from the Loan Plan. Performance hurdles may include minimum tenure periods (Vesting Scale) and performance criteria specified by the Board at the time of the invitation. Generally, provided any loans outstanding have been repaid, the Employees may withdraw their shares from the Loan Plan once the applicable performance hurdles have been satisfied.

Loan and security

The Company may extend a loan to enable the Employees to acquire shares under the Loan Plan as determined by the Board. Generally speaking, the loan is repayable within five years.

Loans under the Loan Plan are limited recourse in nature, which means that if at the date that the loan becomes repayable, the Employee's shares are worth less than the outstanding balance of the loan, the Company cannot recover the difference from the Employee. If at the date that the loan becomes repayable the proceeds of sale of the shares exceeds the total amount of the loan owing to the Company by the Employee, then subject to satisfaction of any performance hurdles, the surplus proceeds shall be paid by the Company to the Employee. Interest will not be payable on the outstanding balance of the loan.

As security for the loan, the Employee will pledge the shares acquired under the Loan Plan to the Company at the time the financial assistance is provided and will grant a charge over any benefits attributable to those shares, including bonus shares, rights and dividends. Under the terms of the loan, the Employee authorises and directs the Company to:

1. sell, if possible, any rights or other tradeable benefits attributable to the shares held by the Employee under the Plan and pay the proceeds to the Company in reduction of the outstanding balance of the Employee's loan;
2. with the exception of dividends, pay any other payments attributable to Plan shares or any associated bonus shares, including any capital repayment, to the Company in reduction of the outstanding balance of the Employee's loan; and
3. hold any bonus shares as security until the Performance Hurdles have been satisfied and the loan is repaid in full.

Loans or other financial assistance will only be extended to the Employees as permitted by the Corporations Act. Dividends on the shares the subject of the Loan Plan will be paid to the Employees' nominated bank accounts.

In the year to 31 December 2008 the following directors were provided loans to acquire shares under the loan plan:

and Controlled Entities

DIRECTORS' REPORT

Director	Loan	Shares issued	Issue price
Stone Wang	\$360,000	360,000,000	\$0.001
Raymond Seeto	\$105,000	105,000,000	\$0.001

Indemnification of Officers and Auditors

The consolidated entity has during the financial year provided a letter of indemnity to directors and officers of the Company. No insurance policy has been entered into for the directors and officers.

Proceedings on Behalf of the Company

A claim in the sum of US\$154,192 plus interest and costs was received in the 2004 year in relation to goods purchased by a former subsidiary in Chile. However, at 31 December 2008, a settlement was reached and an appropriate provision has been made in the accounts. The settlement has been paid in line with the provision subsequent to the year end.

Non-Audit Services

The directors are satisfied that the provision of non-audit services, during the year, by the auditor, is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001 for the following reasons:

- All non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the directors to ensure they do not impact the integrity and objectivity of the auditor.
- The nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.
- No non-audit services were provided by the Company's auditor during the year.

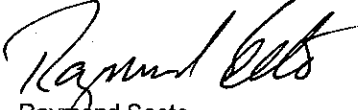
Auditor's Independence Declaration

The auditor's independence declaration required by section 307C of the Corporations Act 2001 is included immediately following this Director's Report and forms part of the Director's Report.

DIRECTORS' REPORT

Signed in accordance with a resolution of the directors made pursuant to Section 298(2) of the Corporations Act 2001.

For and on behalf of the Board.


Raymond Seeto
Director

Sydney, New South Wales

Date: 5 March 2009



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**Auditor's Independence Declaration
To the Directors of AFT Corporation Limited**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of AFT Corporation Limited for the year ended 31 December 2008, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton (WA) Partnership

GRANT THORNTON (WA) PARTNERSHIP
Chartered Accountants

P. Warr.

P W Warr
Partner

Perth, 5 March 2009

Grant Thornton (WA) Partnership ABN 17 735 344 518, a subsidiary or related entity of Grant Thornton Australia Limited ABN 41 127 556 389.

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Liability limited by a scheme approved under Professional Standards Legislation.

**AFT CORPORATION LIMITED – ABN 33 004 701 062
and Controlled Entities**

<p>INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2008</p>
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	Note	Consolidated Entity		Parent Entity	
		2008	2007	2008	2007
		\$	\$	\$	\$
Revenue	2	-	425,000	-	-
Other Income	2	300,878	254,682	300,878	247,410
		<u>300,878</u>	<u>679,682</u>	<u>300,878</u>	<u>247,410</u>
Raw Materials/Consumables Used		-	(183,764)	-	(150,809)
Occupancy & Administration Expense		(85,652)	(155,553)	(81,867)	(129,099)
Audit & Accounting Fees		(202,453)	(304,277)	(201,568)	(326,714)
Finance Costs		(5,172)	(5,413)	(5,172)	(5,413)
Directors' Remuneration		(494,439)	(659,709)	(383,796)	(616,008)
Legal Settlement	3	(24,349)	(312,000)	(24,349)	(4,336,294)
Depreciation & Impairment Expense	3	(57,134)	(4,228,545)	(11,174)	-
Other Expenses	3	(960,727)	(641,960)	(962,976)	(620,607)
Loss Before Income Tax		<u>(1,529,048)</u>	<u>(5,811,539)</u>	<u>(1,370,024)</u>	<u>(5,937,534)</u>
Income Tax Expense	4	-	-	-	-
Loss after income tax from continuing operations		<u>(1,529,048)</u>	<u>(5,811,539)</u>	<u>(1,370,024)</u>	<u>(5,937,534)</u>
Profit from discontinued operations	3	<u>407,645</u>	<u>-</u>	<u>-</u>	<u>-</u>
Loss attributable to members of the parent entity		<u><u>(1,121,403)</u></u>	<u><u>(5,811,539)</u></u>	<u><u>(1,370,024)</u></u>	<u><u>(5,937,534)</u></u>
Loss per share:					
Basic and diluted loss per share					
(cents per share)	16	(0.0002)	(0.50)		

The accompanying Notes form part of these Financial Statements

**AFT CORPORATION LIMITED - ABN 33 004 701 062
and Controlled Entities**

**BALANCE SHEET
AS AT 31 DECEMBER 2008**

	Note	Consolidated Entity		Parent Entity	
		2008	2007	2008	2007
		\$	\$	\$	\$
CURRENT ASSETS					
Cash and cash equivalents	6	2,187,068	887,050	2,187,068	887,050
Trade and other receivables	7	14,908	-	14,610	-
TOTAL CURRENT ASSETS		<u>2,201,976</u>	<u>887,050</u>	<u>2,201,678</u>	<u>887,050</u>
NON-CURRENT ASSETS					
Trade and other receivables	7	-	-	450,593	360,000
Financial assets	8	-	2	6	2
Property plant and equipment	9	110,677	-	108,719	-
Intangible assets	10	423,237	471,455	-	-
TOTAL NON-CURRENT ASSETS		<u>533,914</u>	<u>471,457</u>	<u>559,318</u>	<u>360,002</u>
TOTAL ASSETS		<u>2,735,890</u>	<u>1,358,507</u>	<u>2,760,996</u>	<u>1,247,052</u>
CURRENT LIABILITIES					
Trade and other payables	11	290,304	342,620	272,244	342,620
Provisions	12	28,752	-	24,349	-
TOTAL CURRENT LIABILITIES		<u>319,056</u>	<u>342,620</u>	<u>296,593</u>	<u>342,620</u>
NON-CURRENT LIABILITIES					
Borrowings	11	36,497	-	36,497	-
TOTAL NON-CURRENT LIABILITIES		<u>36,497</u>	<u>-</u>	<u>36,497</u>	<u>-</u>
TOTAL LIABILITIES		<u>355,553</u>	<u>342,620</u>	<u>333,090</u>	<u>342,620</u>
NET ASSETS		<u>2,380,337</u>	<u>1,015,887</u>	<u>2,427,906</u>	<u>904,432</u>
EQUITY					
Issued capital	13	103,068,406	100,140,152	103,068,406	100,140,152
Reserves	14	63,269	505,670	63,269	98,025
Accumulated losses		(100,751,338)	(99,629,935)	(100,703,769)	(99,333,745)
TOTAL EQUITY		<u>2,380,337</u>	<u>1,015,887</u>	<u>2,427,906</u>	<u>904,432</u>

The accompanying Notes form part of these Financial Statements

**AFT CORPORATION LIMITED - ABN 33 004 701 062
and Controlled Entities**

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2008**

	Issued Capital \$	Accumulated losses \$	Foreign Currency Translation reserve \$	Employee Equity Settled benefits reserve \$	Total equity \$
CONSOLIDATED ENTITY					
At 1 January 2008	100,140,152	(99,629,935)	407,645	98,025	1,015,887
Net income & expense for the period recognised directly in equity	-	-	-	-	-
Loss for the period	-	(1,121,403)	-	-	(1,121,403)
Total recognised income/expense for the period	-	(1,121,403)	-	-	(1,121,403)
Shares issued	3,092,469	-	-	-	3,092,469
Share issue costs	(164,215)	-	-	-	(164,215)
Realisation of foreign currency translation reserve on deregistration of foreign operations	-	-	(407,645)	-	(407,645)
Share based payments	-	-	-	(34,756)	(34,756)
At 31 December 2008	103,068,406	(100,751,338)	-	63,269	2,380,337

	Issued Capital \$	Accumulated losses \$	Foreign Currency Translation reserve \$	Employee Equity Settled benefits reserve \$	Total Equity \$
CONSOLIDATED ENTITY					
At 1 January 2007	98,151,039	(93,818,396)	422,185	37,070	4,791,898
Currency translation differences	-	-	-	-	-
Net income & expense for the period recognised directly in equity	-	-	(14,540)	-	(14,540)
Loss for the period	-	(5,811,539)	-	-	(5,811,539)
Total recognised income/expense for the period	-	(5,811,539)	(14,540)	-	(5,826,079)
Shares issued	2,211,276	-	-	-	2,211,276
Share issue costs	(222,163)	-	-	-	(222,163)
Realisation of foreign currency translation reserve on deregistration of foreign operations	-	-	-	-	-
Share based payments	-	-	-	60,955	60,955
At 31 December 2007	100,140,152	(99,629,935)	407,645	98,025	1,015,887

The accompanying Notes form part of these Financial Statements

**AFT CORPORATION LIMITED - ABN 33 004 701 062
and Controlled Entities**

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2008**

	Issued Capital \$	Accumulated losses \$	Foreign Currency Translation reserve \$	Employee Equity Settled benefits reserve \$	Total equity \$
PARENT ENTITY					
At 1 January 2008	100,140,152	(99,333,745)	-	98,025	904,432
Net income & expense for the period recognised directly in equity	-	-	-	-	-
Loss for the period	-	(1,370,024)	-	-	(1,370,024)
Total recognised income/expense for the period	-	(1,370,024)	-	-	(1,370,024)
Shares issued	3,092,469	-	-	-	3,092,469
Share issue costs	(164,215)	-	-	-	(164,215)
Share based payments	-	-	-	(34,756)	(34,756)
At 31 December 2008	<u>103,068,406</u>	<u>(100,703,769)</u>	<u>-</u>	<u>63,269</u>	<u>2,427,906</u>

	Issued Capital \$	Accumulated losses \$	Foreign Currency Translation reserve \$	Employee Equity Settled benefits reserve \$	Total equity \$
PARENT ENTITY					
At 1 January 2007	98,151,039	(93,396,211)	-	37,070	4,791,898
Net income & expense for the period recognised directly in equity	-	-	-	-	-
Loss for the period	-	(5,937,534)	-	-	(5,937,534)
Total recognised income/expense for the period	-	(5,937,534)	-	-	(5,937,534)
Shares issued	2,211,276	-	-	-	2,211,276
Share issue costs	(222,163)	-	-	-	(222,163)
Share based payments	-	-	-	60,955	60,955
At 31 December 2007	<u>100,140,152</u>	<u>(99,333,745)</u>	<u>-</u>	<u>98,025</u>	<u>904,432</u>

The accompanying Notes form part of these Financial Statements

**AFT CORPORATION LIMITED - ABN 33 004 701 062
and Controlled Entities**

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2008**

	Note	Consolidated Entity		Parent Entity	
		2008	2007	2008	2007
		\$	\$	\$	\$
Cash Flows from Operating Activities					
Receipts from customers		72,962	603,530	72,962	172,339
Payments to suppliers and employees		(1,806,318)	(2,076,811)	(1,712,368)	(1,690,752)
Interest received	2	155,906	23,258	155,906	22,177
Finance costs		(5,172)	(5,413)	(5,172)	(5,413)
R & D Refund		-	83,959	-	83,959
Legal settlement		-	(312,000)	-	(312,000)
Net cash used in operating activities	23(b)	<u>(1,582,622)</u>	<u>(1,683,477)</u>	<u>(1,488,672)</u>	<u>(1,729,690)</u>
Cash Flows from Investing Activities					
Payments for property, plant & equipment		<u>(122,049)</u>	<u>-</u>	<u>(119,894)</u>	<u>-</u>
Net cash (used in)/provided by investing activities		<u>(122,049)</u>	<u>-</u>	<u>(119,894)</u>	<u>128,858</u>
Cash Flows from Financing Activities					
Proceeds from issue of shares		2,928,255	2,011,276	2,928,255	2,011,276
Payment for capital raising costs		-	(47,893)	-	(47,893)
Loan (advances) or repayments		-	-	(96,105)	-
Proceeds from borrowings		<u>76,434</u>	<u>-</u>	<u>76,434</u>	<u>-</u>
Net cash provided by financing activities		<u>3,004,689</u>	<u>1,963,383</u>	<u>2,908,584</u>	<u>1,963,383</u>
Net increase/ (decrease) in cash held		1,300,018	279,906	1,300,018	362,551
Cash at beginning of financial period		887,050	574,403	887,050	524,499
Effects of exchange rate changes on cash and cash equivalents held in foreign currencies		-	32,741	-	-
Cash at end of financial period	23(a)	<u>2,187,068</u>	<u>887,050</u>	<u>2,187,068</u>	<u>887,050</u>

The accompanying Notes form part of these Financial Statements

**AFT CORPORATION LIMITED - ABN 33 004 701 062
and Controlled Entities**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008**

Note 1: Summary of Significant Accounting Policies

The principal accounting policies adopted in the preparation of the financial report are set out below. The financial report includes separate financial statements for AFT Corporation Limited as an individual parent entity ("Parent Entity"), and the Consolidated Entity consisting of AFT Corporation Limited and its controlled entities ("Consolidated Group or "Group").

a. Basis of Preparation

The financial report is a general purpose financial report that has been prepared in accordance with the requirements of Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. The accounting policies have been consistently applied, unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, except for the revaluation of certain non-current assets and financial assets. Cost is based on the fair values of the consideration given in exchange for assets.

The financial statements were approved by the board on 5 March 2009.

b. Statement of Compliance

The financial report complies with Australian Accounting Standards which ensures compliance with International Financial Reporting Standards (IFRS).

c. Principles of Consolidation

A controlled entity is any entity over which AFT Corporation Ltd has the power to govern the financial and operating policies so as to obtain benefits from its activities. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are considered.

A list of controlled entities is contained in Note 20 to the financial statements.

The consolidated financial statements comprise the financial statement of AFT Corporation Ltd and its subsidiaries ("the Group").

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. As at the reporting date the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the year then ended.

Adjustments are made to bring into line any dissimilar accounting policies that may exist.

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

All intercompany balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

d. Government Grants

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

e. Foreign Currency Translation

Both the functional and presentational currency of AFT Corporation Limited and its Australian subsidiaries is Australian dollars (A\$). The financial report is presented in Australian dollars.

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at

**AFT CORPORATION LIMITED - ABN 33 004 701 062
and Controlled Entities**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008**

the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of the exchange rate ruling at the balance sheet date.

All differences in the consolidated financial report are taken to a separate component of equity including differences of foreign currency borrowings that provided a hedge against a net investment in a foreign entity. These are taken directly to equity until the disposal of the net investment.

Tax changes and credits attributable to exchange differences on those borrowings are also recognised in equity.

Non-monetary items that are measured in terms of historical cost in foreign currency are translated using the exchange rate as the date of the initial transaction.

Non-monetary items measured at fair value in foreign currency are translated using exchange rates as at the date when the fair value was determined.

The functional currency of the overseas subsidiary Microgenix Technologies Limited is British pounds (£).

As at the reporting date the assets and liabilities of this overseas subsidiary are translated into the presentation currency of AFT Corporation Limited at the exchange ruling at the balance sheet date and the income statements are translated at the weighted average exchange rates for the period.

The exchange differences arising on the retranslation are taken directly to a separate component of equity.

On disposal of a foreign operation the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the income statement.

f. Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and can be measured reliably. Risks and rewards are considered passed to the buyer at the time of delivery of the goods to the customer.

Interest

Revenue is recognised as the interest accrues to the net carrying amount of the financial asset.

g. Licence Fee/Royalty Income

Royalty income is calculated based on a percentage of income derived from goods sold under licence agreement. This revenue crystallises on a specified date and is recognised at that time. Minimum licence fees are recognised in the period they become due and payable.

h. Income Tax

The charge for current income tax expense is based on the result for the period adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of all taxable and deductible temporary differences arising between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes, except where the temporary difference relates to the initial recognition of an asset or a liability in a transaction other than a business combination, where neither accounting profit nor taxable profit or loss is affected at the time of the transaction.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised. The carrying amount of deferred income tax assets is reviewed at balance date and reduced to the extent that it is no longer probable that sufficient taxable

**AFT CORPORATION LIMITED - ABN 33 004 701 062
and Controlled Entities**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008
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profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled.

Deferred tax is credited in the Income Statement except where it relates to items that may be recognised directly in equity, in which case the deferred tax is adjusted directly against equity.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Consolidated Entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

i. Other Taxes

Revenues, expenses and assets are recognised net of the amount of Goods and Services Tax (GST), except:

- Where the GST incurred on a purchase of goods or services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables are stated with the amount of GST payable or recoverable included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Balance Sheet.

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

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

j. Cash and Cash Equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts, if any.

k. Trade and Other Receivables

Trade receivables, which generally have 30 – 90 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

Non-current trade and other receivables consist of receivables from wholly owned entities. Settlement of these receivables is neither planned nor likely to occur in the foreseeable future.

l. Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

Finished goods and work-in-progress – cost of direct materials and labour and a proportion of manufacturing overheads.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008
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m. Property, Plant and Equipment

Plant and equipment is stated at cost less accumulated depreciation and any impairment in value.

Depreciation is calculated in a straight-line basis over the estimated useful life of the asset as follows:

Plant and equipment – over 3 to 8 years.

Impairment

At each reporting date, the group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement. Impairment testing is performed annually for goodwill and intangible assets with indefinite lives. Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

n. Intangible Assets other than Goodwill

Acquired both separately and from a business combination

Intangible assets acquired separately are capitalised at cost and from a business combination are capitalised at fair value as at the date of acquisition. Following initial recognition, the cost model is applied to the class of intangible assets.

The useful lives of AFT Corporation Ltd's intangible assets are assessed to be finite.

During 2007 the company entered into an agreement to licence its Intellectual Property for a period of 15 years and amortisation is therefore charged over this period on a straight basis.

Intangible assets are tested for impairment where an indicator of impairment exists, and in the case of indefinite life intangibles, annually, either individually or at the cash generating unit level. Useful lives are also examined on an annual basis and adjustments, where applicable, are made on a prospective basis.

Research and development costs

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.

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.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

o. Recoverable Amount of Assets

At each reporting date, the Consolidated Entity reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets may be impaired. If such an indication exists, a formal assessment of recoverable amount is made. The recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Where the carrying value of an asset exceeds its recoverable amount, the asset is considered to be impaired and the excess is written off to the Income Statement.

Where it is not possible to estimate the recoverable amount of an individual asset, the Consolidated Entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008
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In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

p. Trade and Other Payables

Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Consolidated Entity.

q. Provisions

Provisions are recognised when the Consolidated Entity has a legal, equitable or constructive obligation to make a future sacrifice of economic benefits to other entities as a result of a past transaction or other past events, it is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted to their present values.

r. Employee Benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cashflows to be made for those benefits.

s. Financial Instruments

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below:

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Available-for-sale financial assets

Available-for-sale financial assets are reflected at their fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

Impairment

At each reporting date, the Consolidated Entity assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the Income Statement.

t. Share-based payment transactions

Where the Group provides benefits to a director or employee of the Group in the form of share-based payment transactions, the employees render services in exchange for share or rights over shares ('equity-settled transactions').

The cost of the equity-settled transaction is measured by reference to the fair value at the date at which it is granted. The fair value is determined by an external valuer using a binomial model.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of AFT Corporation Ltd ('market conditions').

The cost of equity-settled transaction is recognised, together with a corresponding increase in equity, over the

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008
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period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the directors of the Group, will ultimately vest. This opinion is formed on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

u. Contributed Equity

Issued and paid up capital is recognised at the fair value of the consideration received by the parent entity. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

v. Critical accounting estimates, assumptions and judgements

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the consolidated entity. Other than as described below there are no other key estimates or judgements that require disclosure.

Key Estimates - Impairment & Intangible assets

The consolidated entity assesses impairment at each reporting date by evaluating conditions specific to the consolidated entity that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

The directors of the company have assessed for impairment the Intellectual Property relating to the Microgenix technology asset, based on the revised Microgenix Business Plan. The plan incorporates estimates including utilising a discount rate of 30%. Using estimates the directors have estimated the Microgenix business to be valued at \$423,237 based on value in use, after recognising an impairment amount of \$14,496. The plan is based upon the minimal annual payments under the licence agreement.

The above assessment involves a high degree of estimate and complexity.

The above estimates and assumptions concern the future. The accounting estimates will, by definition, seldom equal the actual results. The estimates and assumptions have a significant risk of being different due to changes in economic or market conditions and/or due to events outside the control of management, and cause material adjustment to the carrying amounts of assets and liabilities in future periods.

Share-based payment transactions

The consolidated entity measures the cost of equity settled transactions with directors and employees by reference to the fair value of the equity instruments at the date at which they are granted. Equity settled transactions comprise only options.

The accounting estimates and assumptions relating to equity settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008

w. **Going Concern**

The financial statements have been prepared on a going concern basis. In the opinion of the directors, based upon review of cashflow requirements and the Group's business plan, the company and its controlled entities are able to pay their debts as and when they fall due and there is no material uncertainty in this regard.

x. **New standards and Interpretations not yet adopted**

A number of Australian Accounting standards and Interpretations have recently been issued but are not yet effective have not been adopted by the Group for the annual reporting period ending 31 December 2008. Those that are relevant to the Group are outlined in the table below.

AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8 makes amendments to AASB 5 Non-current Assets Held for Sale and Discontinued Operations, AASB 6 Exploration for and Evaluation of Mineral Resources, AASB 102 Inventories, AASB 107 Cash Flow Statements AASB 119 Employee Benefits, AASB 127 Consolidated and Separate Financial Statements, AASB 134 Interim Financial Reporting, AASB 136 Impairment Assets, AASB 1023 General Insurance Contracts and AASB 1038 Life Insurance Contracts. AASB 2007-3 is applicable for annual reporting periods beginning on or after 1 January 2009 and must be adopted in conjunction with AASB 8 Operating Segments. This standard is only expected to impact disclosures contained within the financial report.

AASB 2007-6 Amendments to Australian Accounting Standards arising from AASB 123 makes amendments to AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards, AASB 101 Presentation of Financial Statements, AASB 107 Cash Flow Statements, AASB 111 Construction contracts, AASB 116 Property, Plant and Equipment, AASB 138 Intangible Assets, Interpretation 1 Changes in Existing Decommissioning, Restoration and Similar Liabilities and Interpretation 12 Service Concession Arrangements. AASB 2007-6 is applicable for annual reporting periods beginning on or after 1 January 2009 and must be applied at the same time as AASB 123 Borrowing Costs. This standard principally removes the references to expensing borrowing costs on qualifying assets.

AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101 Presentation of Financial Statements. AASB 2007-8 is applicable for annual reporting periods beginning on or after 1 January 2009. This standard is only expected to affect the presentation of the Group's financial report.

AASB 2007-10 Further Amendments to Australian Accounting Standards arising from AASB 101. As the changes do not affect recognition or measurement criteria, the changes are not expected to have any impact on the entity's reported financial position and performance.

AASB 2008-1 Amendments to Australian Accounting Standard – Sharebased Payments: Vesting Conditions and Cancellations [AASB 2]. The company has share-based payment transactions as reported in the Directors report. The company will fully adopt this standard for financial year ending 31 December 2009.

AASB 2008-6 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1 & AASB 5]. Other than the deregistration of subsidiaries as disclosed in note 20 the entity does not have other plans to sell any subsidiaries, these amendments are not expected to have any impact on the entity's financial report.

AASB 3 Business Combinations (March 2008). As the entity has not been a party to a business combination during the year, this standard is not expected to have any impact on the entity's financial report.

AASB 8 Operating Segments replaces the presentation for annual reporting periods beginning on or after 1 January 2009 and it is not expected to have an impact on the financial results of the Company and the Group as the standard is only concerned with disclosures.

AASB 101 (revised) Presentation of Financial Statements Introduces a statement of comprehensive income. Other revisions include impacts on the presentation of items in the statement of changes in equity, new

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presentation requirements for restatements or reclassifications of items in the financial statements, changes in the presentation requirements for dividends and changes to the titles of the financial statements. AASB 101 (revised) is applicable for annual reporting periods beginning on or after 1 January 2009. This standard is only expected to affect the presentation of the Group's financial report.

AASB 123 (revised) Borrowing Costs requires that all borrowing costs associated with a qualifying asset must be capitalised. AASB 123 (revised) is applicable for annual reporting periods beginning on or after 1 January 2009. This standard principally removes the references to expensing borrowing costs on qualifying assets.

AASB 127 Consolidated and Separate Financial Statements (March 2008). As the transitional provision of AASB 127 provides that the changes to the recognition and measurement criteria within AASB 127 resulting from this revision do not apply retrospectively to business combinations effected prior to the amendments being adopted, this standard is not expected to have any impact on the entity's financial report.

AASB 2008-3 Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127 ([AASBs 1, 2, 4, 5, 7, 101, 107, 112, 114, 116, 121, 128, 131, 132, 133, 134, 136, 137, 138 & 139 and Interpretation 9 & 107). AASB 2008-3 was issued after the AASB revised AASB 3 and AASB 127, as consequential amendments were necessary to other Australian Accounting Standards. As the entity has not been a party to a business combination during the year, this standard is not expected to have any impact on the entity's financial report.

AASB 2008-5- Amendments to Australian Accounting Standards arising from the Annual Improvements Project (AASB 5, 7, 101, 102, 107, 108, 110, 116, 118, 119, 120, 123, 127, 128, 129, 131, 132, 134, 136, 138, 139, 140, 141, 1023 & 1038). AASB 2008-5 makes a number of minor, but necessary amendments to different Standards arising from the annual improvements project. The amendments largely clarify accounting treatments where previous practice had varied, with some new or amended requirements introduced. The changes addressed include accounting for advertising and promotional expenditure, investment property under construction and the reclassification to inventories of property, plant and equipment previously held for rental when the assets cease to be rented and are held for sale.

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	Note	Consolidated Entity		Parent Entity	
		2008	2007	2008	2007
Note 2: Revenues		\$	\$	\$	\$
Sale of goods and services		-	425,000	-	-
Other Income					
Interest received		155,906	23,258	155,906	22,177
R & D refund		46,947	83,959	46,947	83,959
Other		98,025	147,465	98,025	141,274
Total Other Income		<u>300,878</u>	<u>254,682</u>	<u>300,878</u>	<u>247,410</u>
Total revenues		<u>300,878</u>	<u>679,682</u>	<u>300,878</u>	<u>247,410</u>
Note 3: Expenses					
Cost of sales		-	183,764	-	150,809
Depreciation, impairment and amortisation expense:					
- plant and equipment		11,371	-	11,174	-
- patents and trademarks		31,267	31,267	-	-
- impairment of intangibles	1(v)	14,496	4,197,278	-	-
Total depreciation and amortisation		<u>57,134</u>	<u>4,228,545</u>	<u>11,174</u>	<u>-</u>
Other Expenses					
-Sales & marketing		-	22,514	-	22,514
-Product management		-	8,257	-	-
-Consulting & management fees		395,185	185,983	395,185	185,983
-Legal costs		105,109	243,421	105,109	230,569
- Bad debt		-	31,771	-	31,771
-Other Expenses		457,895	146,825	460,144	146,581
-(Gain)/Loss on foreign currency exchange		2,538	3,189	2,538	3,189
Total other expenses		<u>960,727</u>	<u>641,960</u>	<u>962,976</u>	<u>620,607</u>
Provisions & write offs					
- Provision for doubtful debt		-	-	-	4,024,294
- legal settlements write offs		24,349	312,000	24,349	312,000
Total provisions & write offs		<u>24,349</u>	<u>312,000</u>	<u>24,349</u>	<u>4,336,294</u>
Realisation of foreign currency translation reserve on deregistration of foreign subsidiary		407,645	-	-	-

The deregistration of the foreign subsidiaries, Microgenix Technologies Ltd and Microgenix Global PLC in the UK resulted in a foreign exchange gain of \$407,645.

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Note 4: Income Tax Expense

Major components of income tax expense comprise:

No income tax is payable by the parent company or any subsidiary company within the Consolidated Entity as the companies are either in a current year tax loss position or have sufficient prior year tax losses available to offset against current year taxable income. Deferred tax assets which may be derived from such losses have not been carried forward as an asset in the Balance Sheet since it is not considered probable that they will be utilised and will only be obtained if:

- (a) the relevant company derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deduction for the loss to be realised;
- (b) the relevant company continues to comply with conditions for deductibility imposed by the law; and
- (c) no changes in tax legislation adversely affect the relevant company in realising the benefit from the deduction of the loss.

Numerical reconciliation of accounting profit to tax expense

A reconciliation between tax expense and the product of accounting profit before income tax multiplied by the consolidated entity's applicable income tax rate is as follows:

Accounting loss before income tax	(1,529,048)	(5,811,539)	(1,370,024)	(5,937,534)
At the consolidated entity's statutory income tax rate of 30% (2007: 30%)	(458,714)	(1,743,462)	(411,007)	(1,781,260)
Non-deductible fines	343	1,009	343	1,009
Share based payments	-	18,287	-	18,287
Impairment of intangible asset	4,349	1,259,183	-	-
Provision for doubtful debts	-	-	-	1,207,288
Damage claim	-	93,600	-	93,600
Unrecognised deferred tax asset	454,022	371,383	410,664	461,076
Income tax expense reported	-	-	-	-

Tax losses

The group has Australian revenue tax losses for which no deferred tax asset is recognised in the balance sheet. The amount of the tax losses that can be carried forward cannot be determined until the income tax return for the current year is completed due to the uncertainty of the company meeting the relevant statutory tests.

The group had tax losses in a subsidiary but this company has been struck off and these losses have been lost.

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	Note	Consolidated Entity		Parent Entity	
		2008	2007	2008	2007
		\$	\$	\$	\$
Note 5: Auditors' Remuneration					
(a) Auditor of the parent entity					
Auditing or reviewing the financial reports		53,575	58,302	53,575	58,302
Other services		-	-	-	-
		<u>53,575</u>	<u>58,302</u>	<u>53,575</u>	<u>58,302</u>
(b) Other auditors of subsidiaries					
Auditing or reviewing the financial reports		-	58,262	-	-
Other services		-	5,377	-	-
		<u>-</u>	<u>63,639</u>	<u>-</u>	<u>-</u>
(b) Services provided by other than auditor					
Other services		-	-	-	-
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Note 6: Cash and Cash Equivalents					
Cash and cash equivalents at bank		2,187,068	887,050	2,187,068	887,050
		<u>2,187,068</u>	<u>887,050</u>	<u>2,187,068</u>	<u>887,050</u>
Note 7: Trade and Other Receivables					
Current					
Trade & sundry receivables		14,908	-	14,610	-
		<u>14,908</u>	<u>-</u>	<u>14,610</u>	<u>-</u>
Non-Current					
Amounts receivable from:					
- Wholly owned subsidiaries		-	-	10,998,646	12,893,940
- Impairment of receivables		-	-	(10,548,053)	(12,533,940)
		<u>-</u>	<u>-</u>	<u>450,593</u>	<u>360,000</u>

There are no balances within the trade and other receivables that contain assets that are not impaired and are past due. It is expected that these assets will be received when due. Impaired assets are provided for in full.

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	Consolidated Entity		Parent Entity	
Note	2008	2007	2008	2007
	\$	\$	\$	\$
Note 8: Other Financial Assets				
Non-Current				
Non-quoted investments:				
- Shares in controlled entities at cost	-	2	6	2
- Write-down of investments	-	-	-	-
Total non-current investments	<u>-</u>	<u>2</u>	<u>6</u>	<u>2</u>

The fair value of unlisted available-for-sale financial assets cannot be reliably measured as variability in the range of reasonable fair value estimates is significant. As a result, all unlisted investments are reflected at cost.

There are no balances within the other financial assets that contain assets that are not impaired and are past due. It is expected that these assets will be received when due. Impaired assets are provided for in full.

Note 9: Property, Plant And Equipment

Plant and equipment

- at cost	122,049	-	119,893	-
- accumulated depreciation	(11,372)	-	(11,174)	-
	<u>110,677</u>	<u>-</u>	<u>108,719</u>	<u>-</u>

Movements in Carrying Amounts

Movements in the carrying amounts for plant and equipment between the beginning and the end of the financial period:

Balance at the beginning of the period	-	-	-	-
Additions	122,049	-	119,893	-
Depreciation expense	(11,372)	-	(11,174)	-
Disposals	-	-	-	-
Carrying amount at the end of the period	<u>110,677</u>	<u>-</u>	<u>108,719</u>	<u>-</u>

Note 10: Intangible Assets

Patents, trademarks and licences	11,771,482	11,771,482	-	-
Accumulated amortisation	(11,333,749)	(11,302,482)	-	-
Accumulated impairment	(14,496)	-	-	-
	<u>423,237</u>	<u>469,000</u>	<u>-</u>	<u>-</u>
Other intangibles	-	2,455	-	-
	<u>423,237</u>	<u>471,455</u>	<u>-</u>	<u>-</u>

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	Note	Consolidated Entity		Parent Entity	
		2008	2007	2008	2007
		\$	\$	\$	\$
Reconciliation of carrying amounts at the beginning and end of the period					
Patents, trademarks and licences					
Balance at beginning of the period, net of accumulated amortisation and impairment		469,000	4,697,545	-	-
Amortisation		(31,267)	(31,267)	-	-
Impairment		(14,496)	(4,197,278)	-	-
Other intangible		-	2,455	-	-
Net carrying amount		<u>423,237</u>	<u>471,455</u>	<u>-</u>	<u>-</u>

The directors of the company have assessed for impairment the Intellectual Property relating to the Microgenix technology asset, based on the revised Microgenix Business Plan. The plan incorporates estimates including utilising a discount rate of 30%. Using estimates the directors have estimated the Microgenix business to be valued at \$423,237 based on value in use, after recognising an impairment amount of \$14,496. The plan is based upon the minimal annual payments under the licence agreement.

	Note	Consolidated Entity		Parent Entity	
		2008	2007	2008	2007
		\$	\$	\$	\$
Note 11: Trade and Other Payables					
Current					
Trade payables		147,994	256,751	129,934	256,751
Other payables		15,121	11,901	15,121	11,901
Accrued expenses		127,189	73,968	127,189	73,968
		<u>290,304</u>	<u>342,620</u>	<u>272,244</u>	<u>342,620</u>
Non-current					
Borrowings-Hire purchase		<u>36,497</u>	-	<u>36,497</u>	-

There are no balances within the trade and other payables that contain liabilities that are not impaired and are past due. It is expected that these liabilities will be paid when due.

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	Note	Consolidated Entity		Parent Entity	
		2008	2007	2008	2007
		\$	\$	\$	\$
Note 12: Employee Benefits					
Current					
Employee entitlements		28,752	-	24,349	-
		<u>28,752</u>	<u>-</u>	<u>24,349</u>	<u>-</u>
		Number	Number	Number	Number
Number of employees at the end of financial year		<u>6</u>	<u>-</u>	<u>3</u>	<u>-</u>

	Note	Consolidated Entity		Parent Entity	
		2008	2007	2008	2007
		\$	\$	\$	\$
Note 13: Issued Capital					
Issued and paid-up capital					
6,195,194,702 issued and fully paid ordinary shares (2007: 2,637,725,112)		<u>103,068,406</u>	<u>100,140,152</u>	<u>103,068,406</u>	<u>100,140,152</u>
Ordinary shares					
At the beginning of reporting period		100,140,152	98,151,039	100,140,152	98,151,039
Shares issued during the year:					
- share placement		126,703	2,211,276	126,703	2,211,276
- consulting fees		41,666	-	41,666	-
- rights issue		2,924,100	-	2,924,100	-
Transaction costs relating to share issues		<u>(164,215)</u>	<u>(222,163)</u>	<u>(164,215)</u>	<u>(222,163)</u>
At reporting date		<u>103,068,406</u>	<u>100,140,152</u>	<u>103,068,406</u>	<u>100,140,152</u>
		Number	Number	Number	Number
At the beginning of reporting period		2,637,785,112	1,022,779,969	2,637,785,112	1,022,779,969
Shares issued during the year:					
- share placement		<u>3,557,409,590</u>	<u>1,614,945,143</u>	<u>3,557,409,590</u>	<u>1,614,945,143</u>
At reporting date		<u>6,195,194,702</u>	<u>2,637,725,112</u>	<u>6,195,194,702</u>	<u>2,637,725,112</u>

The company has authorised share capital amounting to 6,195,194,702 ordinary shares of no par value.

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	Note	Consolidated Entity		Parent Entity	
		2008	2007	2008	2007
		\$	\$	\$	\$
Note 14: Reserves					
(a) Reserves comprise:					
Foreign currency translation reserve		-	407,645	-	-
Employee equity-settled benefits reserve		63,269	98,025	63,269	98,025
		<u>63,269</u>	<u>505,670</u>	<u>63,269</u>	<u>98,025</u>
(b) Movements in other reserves:					
Foreign currency translation reserve					
Balance at the beginning of year		407,645	422,185	-	-
Exchange difference from translation of financial statements of foreign operations		(407,645)	(14,540)	-	-
Balance at the end of the year		<u>-</u>	<u>407,645</u>	<u>-</u>	<u>-</u>

This reserve reflects changes from foreign currency arising on the translation of a foreign controlled subsidiary.

Employee equity-settled benefits reserve

Balance at the beginning of the year	98,025	37,070	98,025	37,070
Reversal of unvested employee equity benefits	(98,025)	-	(98,025)	-
Cost of share-based payment	63,269	60,955	63,269	60,955
Balance at the end of the year	<u>63,269</u>	<u>98,025</u>	<u>63,269</u>	<u>98,025</u>

The employee equity-settled benefits reserve is to provide for the potential cost to the company of executive directors exercising their options and share based payments as per the company's employee and director's share based loan plan.

Note 15: Contingent Liabilities

At such time as the Company has funds available in excess of that required for it to obtain an admission to the Alternative Investment Market of the London Stock Exchange and above those sums required for the reasonable day to day running costs of AFT Corporation Ltd, a liability will crystallise to pay Philip Hall One Hundred and Fifty Thousand Pounds (£150,000) plus interest at the rate of 6% per annum from 31 August 2006 to the date of payment. As at 31 December 2008, the estimated interest liability is \$45,000. As it is contingent upon these conditions, this has not been included as a liability.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008
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	Consolidated Entity	
	Note	2007
	2008	2007
	\$	\$
Note 16: Loss per Share		
Basic loss and diluted loss per share (cents)	<u>(0.0002)</u>	<u>(0.50)</u>

Basic loss per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

Loss	<u>(1,121,403)</u>	<u>(5,811,539)</u>
Earnings used in the calculated of basic EPS	<u>(1,121,403)</u>	<u>(5,811,539)</u>
	Number	Number
Weighted average number of ordinary shares	<u>6,195,194,702</u>	<u>1,162,488,467</u>

Diluted loss per share

The earnings and weighted average number of ordinary and potential ordinary shares used in the calculation of diluted earnings per share are as follows:

Loss	<u>(1,121,403)</u>	<u>(5,811,539)</u>
Loss used in the calculated of basic EPS	<u>(1,121,403)</u>	<u>(5,811,539)</u>
	Number	Number
Weighted average number of ordinary shares	<u>6,195,194,702</u>	<u>1,162,488,467</u>
Options not treated as dilutive	<u>-</u>	<u>24,000,000</u>
Weighted average number of ordinary and potential ordinary shares used in EPS	<u>6,195,194,702</u>	<u>1,162,488,467</u>

Note 17: Capital Management

Management controls the capital of the group in order to maintain a good debt to equity ratio, provide the shareholders with adequate returns and ensure that the group can fund its operations and continue as a going concern.

The group's debt and capital includes ordinary share capital, redeemable preference shares, convertible preference shares and financial liabilities, supported by financial assets.

There are no externally imposed capital requirements.

Management effectively manages the group's capital by assessing the group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

There have been no changes in the strategy adopted by management to control the capital of the group since the prior year. This strategy is to ensure that the group's gearing ratio remains below 30%. The gearing ratio's for the year ended 31 December 2008 and 31 December 2007 are as follows:

**AFT CORPORATION LIMITED - ABN 33 004 701 062
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008**

	Note	Consolidated Entity		Parent Entity	
		2008	2007	2008	2007
		\$	\$	\$	\$
Total borrowings		51,618	-	51,618	-
Less cash and cash equivalents		(2,187,068)	(887,050)	(2,187,068)	(887,050)
Net debt		(2,135,450)	(887,050)	(2,135,450)	(887,050)
Total equity		2,380,337	1,015,887	2,427,906	904,432
Total capital		244,887	128,837	292,456	17,382
Gearing ratio		Nil	Nil	Nil	Nil

Note 18: Financial Risk Management

(a) Significant Accounting Policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which revenues and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 1 to the financial statements.

(b) Treasury Risk Management

A finance committee consisting of board members who meet on a regular basis to analyse financial risk exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

The board's overall risk management strategy seeks to assist the consolidated group in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

Risk management policies are approved and reviewed by the board on a regular basis. These include the use of hedging derivative instruments, credit risk policies and future cash flow requirements.

(c) Financial Risk Exposures and Management

The main risks the group is exposed to through its financial instruments are interest rate risk, foreign currency risk, liquidity risk, credit risk and price risk.

The group is not exposed to fluctuations in foreign currencies arising from the sale and purchase of goods and services in currencies other than the group's measurement currency.

Interest rate risk - Interest rate risk is managed with a mixture of fixed and floating rate debt.

Foreign currency risk - The group is not exposed to fluctuations in foreign currencies arising from the sale and purchase of goods and services in currencies.

Liquidity risk - The group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained

Credit risk - The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.

Price risk - The group is not exposed to commodity price risk.

(d) Foreign currency risk

The group was not exposed in the current year to fluctuations in foreign currencies arising from the sale and purchase of goods and services in foreign currencies other than payment of contractual consulting fees and the payment for due diligence which is an one off transaction.

**AFT CORPORATION LIMITED - ABN 33 004 701 062
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008**

(e) Financial Instrument Composition and Materiality Analysis

The following table details the consolidated entity's exposure to interest rate risk as at the reporting date:

	Weighted average effective interest rate	Variable interest rate	Non- interest bearing	Total	Interest rate risk sensitivity				
					-20%		+20%		
					Profit	Equity	Profit	Equity	
	%	\$	\$	\$	\$	\$	\$	\$	
2008									
Consolidated									
Financial assets									
Cash and cash equivalents	5.59	2,187,068	-	2,187,068	(24,495)	(24,495)	(24,495)	(24,495)	(24,495)
Trade and other receivables	-	-	14,908	14,908	-	-	-	-	-
Totals		2,187,068	14,908	2,201,976	(24,495)	(24,495)	(24,495)	(24,495)	(24,495)
Financial Liabilities									
Trade and other payables	-	-	290,304	290,304	-	-	-	-	-
Totals			290,304	290,304					
2007									
Consolidated									
Financial assets									
Cash and cash equivalents	5.85	887,050	-	887,050	(10,378)	(10,378)	10,378	10,378	10,378
Other financial assets	-	-	2	2	-	-	-	-	-
Totals		887,050	2	887,052	(10,378)	(10,378)	10,378	10,378	10,378
Financial Liabilities									
Trade and other payables	-	-	342,620	342,620	-	-	-	-	-
Totals			342,620	342,620					

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(f) Interest Rate Risk (continued)

	Weighted average effective interest rate	Variable interest rate	Non- interest bearing	Total	Interest rate risk sensitivity			
					-20%		+20%	
					Profit	Equity	Profit	Equity
%	\$	\$	\$	\$	\$	\$	\$	
2008 Parent								
Financial assets								
Cash and cash equivalents	5.59	2,187,068	-	-	(24,495)	(24,495)	(24,495)	(24,495)
Trade and other receivables	-	-	5,000	-	-	-	-	-
Other financial assets	-	-	-	-	-	-	-	-
Total		2,187,068	5,000	-	(24,495)	(24,495)	(24,495)	(24,495)
Financial Liabilities								
Trade and other payables	-	262,634	-	-	-	-	-	-
Non-interest bearing loan	-	-	-	-	-	-	-	-
Total		262,634	-	-	-	-	-	-
2007 Parent								
Financial assets								
Cash and cash equivalents	5.85	887,050	-	887,050	(10,378)	(10,378)	10,378	10,378
Trade and other receivables	-	-	360,000	360,000	-	-	-	-
Other financial assets	-	-	2	2	-	-	-	-
Totals		887,050	360,002	1,247,052	(10,378)	(10,378)	10,378	10,378
Financial Liabilities								
Trade and other payables	-	-	342,620	342,620	-	-	-	-
Non-interest bearing loan	-	-	-	-	-	-	-	-
Totals		-	342,620	342,620	-	-	-	-

**AFT CORPORATION LIMITED - ABN 33 004 701 062
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008**

(g) Sensitivity Analysis

The group has performed sensitivity analysis relating to its exposure to interest rate risk, foreign currency risk and price risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks.

At 31 December 2008, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

	Consolidated Entity		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
Change in Profit				
-Increase in interest rate by 20%	24,495	10,378	24,495	10,378
-Decrease in interest rate by 20%	(24,495)	(10,378)	(24,495)	(10,378)
Change in Equity				
-Increase in interest rate by 20%	(24,495)	(10,378)	(24,495)	(10,378)
-Decrease in interest rate by 20%	24,495	10,378	24,495	10,378

(h) Credit Risk Exposure

The Consolidated Entity's maximum exposures to credit risk, excluding the value of any collateral and other security at balance dates in relation to each class of recognised financial asset, is the carrying value of those assets net of any provisions for doubtful debts as disclosed in the balance sheet and notes to the financial statements.

The Company minimises credit risk in relation to trade account receivables by undertaking transactions with organisations such as government instruments which have good credit ratings. The Consolidated Entity does not have any material credit risk exposure to any single debtor or group of debtors, under financial instruments entered into by it. There are no material amounts of collateral held as security as at 31 December 2008.

Credit risk is managed on a group basis and reviewed regularly by the directors.

(i) Liquidity Risk

The consolidated entity manages liquidity risk by maintaining sufficient cash reserves and marketable securities, and through the continuous monitoring of budgeted and actual cash flows.

Contracted maturities of payables year ended 31 December:

	Consolidated		Parent	
	2008	2007	2008	2007
	\$	\$	\$	\$
Payables				
Less than 6 months	275,183	315,408	220,626	315,408
6 to 12 months	15,121	27,212	15,121	27,212
1 to 5 years	36,497	-	36,497	-
Total	326,801	342,620	272,244	342,620

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**NOTES TO THE FINANCIAL STATEMENTS
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(j) Net Fair Value of the Financial Assets & Liabilities

The carrying amount of financial assets and financial liabilities recorded in the financial statements represents their respective net fair values, determined in accordance with the accounting policies disclosed in Note 1 to the financial statements.

Note 19: Key Management Personnel Disclosures

The names of directors and other key management persons in office at any time during or since the end of the financial year are:

Name	Role	Date of Appointment
Stone Wang	Executive Director	Appointed 21 December 2007
Raymond Seeto	Executive Director	Appointed 20 September 2007
Neil Bourne	Non-Executive Director	Appointed 14 February 2007

(a) Key Management Personnel Compensation

Details of key management personnel compensation are included in the remuneration report section of the directors' report.

(b) Key Management Personnel Option Details

Name	Balance 1 Jan 2008	Received as Compensation \$	Options Exercised	Net Change Other	Balance 31 Dec 2008 \$
Stone Wang	-	48,982	-	-	48,982
Raymond Seeto	-	14,287	-	-	14,287
Neil Bourne	-	-	-	-	-
Totals	-	63,269	-	-	63,269

Name	Balance 1 Jan 2007	Received as Compensation	Options Exercised \$	Net Change Other	Balance 31 Dec 2007 \$
Stone Wang	-	-	-	-	-
Raymond Seeto	-	-	-	-	-
Neil Bourne	-	-	-	-	-
Jim Palmer	-	-	20,318	-	20,318
Douglas Wood	-	-	20,318	-	20,318
Robert Greenfield	-	-	20,319	-	20,319
Totals	-	-	60,955	-	60,955

(c) Related Party Transactions

Transactions between related parties are on normal commercial terms and conditions no more favourable than

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and Controlled Entities**

**NOTES TO THE FINANCIAL STATEMENTS
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those available to other parties unless otherwise stated.

Transactions with Related Parties

	Consolidated Entity		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
(i) Directors	-	-	-	-
(ii) Director-Related Entities				
LA Rochelle International (HK) Ltd, a company of which Mr Robert Greenfield (resigned 21 December 2007) is a director and over which he has significant influence				
- consulting services	137,000	65,145	137,000	65,145
Icatha Financial Pty Ltd, a company of which Mr Neil Bourne is a director and over which he has significant influence:				
- consulting services	60,000	55,000	60,000	55,000
First Canton (Aust) Pty Ltd, a company of which Mr Raymond Seeto is a director and over which he has significant influence				
- consulting services	80,675	15,000	80,675	15,000

Note 20: Details of Controlled Entities

	Country of incorporation	Percentage owned	
		2008	2007
Parent Entity		%	%
AFT Corporation Limited	Australia		
Subsidiaries			
Microgenix Australasia Pty Limited	Australia	100	100
Microgenix Technologies Limited	United Kingdom	-	100
Microgenix Global Plc	United Kingdom	-	100
OCTIP Ltd	United Kingdom	50	50
Artemis Building Systems Pty Ltd	Australia	100	-
AFT Logistics Pty Ltd	Australia	100	-

During the period, the UK-based operations, namely Microgenix Technologies Limited and Microgenix Global Plc, were de-

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**NOTES TO THE FINANCIAL STATEMENTS
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registered. The de-registration resulted in a realised foreign exchange gain of \$407,645.

Note 21: Subsequent Events

The company's subsidiary, Artemis Building Systems Pty Ltd, has commenced business. The subsidiary is engaged in the marketing of solar panels. As at the date of this report, initial sales orders have been received.

Note 22: Segment Information

Geographical segments

The consolidated entity's business segments are located in Australia, with an Australian subsidiary managing the license of Intellectual Property for worldwide use on behalf of the parent company.

Business segments

The consolidated entity had operated predominantly in one industry segment, being the development and supply of air purification technology.

Segment Results

The consolidated entity operates in one industry segment located in Australia; as such, there are no segmental results.

Note 23: Notes to the Cashflow Statement

(a) Reconciliation of cash and cash equivalents

For the purposes of the Cash Flow Statement, cash and cash equivalents includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts.

	Consolidated Entity		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
Cash and cash equivalents at the end of the financial year as shown in the cash flow statement is reconciled to the related items in the balance sheet:				
Cash and cash equivalents	2,187,068	887,050	2,187,068	887,050
	2,187,068	887,050	2,187,068	887,050

(b) Reconciliation of net cash provided by operating activities to (loss)/profit after income tax

Operating loss after tax	(1,121,403)	(5,811,539)	(1,370,024)	(5,937,534)
(Profit)/loss on sale of investments	-	-	-	-
Depreciation and amortisation expense	42,639	31,267	11,174	-
Impairment loss	14,496	4,197,278	-	-
Doubtful debts	-	-	-	4,024,294
Foreign Exchange loss/(gain)	(406,457)	(2,687)	1,188	3,189
Share-based payment expense	63,269	60,955	63,269	60,955

**AFT CORPORATION LIMITED - ABN 33 004 701 062
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<p>NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008</p>

Inventory write-off	-	31,996	-	-
Expenses adjustments	-	(21,785)	-	
Intangible written off	2,455	-	-	-
Decrease in receivables	14,908	71,690	(105,203)	71,690
Decrease in inventories	-	150,809	-	150,809
Increase in prepayments	5,000	-	5,000	-
Decrease in creditors	(119,960)	(364,298)	(16,506)	(75,930)
Increase in accruals	(53,221)	(27,163)	(53,221)	(27,163)
Increase in provisions	(24,348)	-	(24,349)	-
Net cash used in operating activities	<u>(1,582,622)</u>	<u>(1,683,477)</u>	<u>(1,488,672)</u>	<u>(1,729,690)</u>

Note 24: Company Details

The registered office of the Company is:

Level 6, 333 George Street,
Sydney, New South Wales 2000

The principal places of business are:

Suite 201A Level 2, 51-53 Chandos Street,
St Leonards, New South Wales 2065

**AFT CORPORATION LIMITED - ABN 33 004 701 062
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DIRECTORS' DECLARATION

The directors of AFT Corporation Limited declare that:

1. the financial statements and notes, as set out on page 22 to page 51 are in accordance with the Corporations Act 2001 and:
 - (a) comply with Australian Accounting Standards and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the Company's and the Consolidated Entity's financial position as at 31 December 2008 and of their performance for the year ended on that date;
2. the Managing Director and Chief Financial Officer have each declared 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 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.

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



Raymond Seeto
Director

Sydney, New South Wales

Date 5 March 2009

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**Independent Auditor's Report
To the Members of AFT Corporation Limited**

Report on the Financial Report

We have audited the accompanying financial report of AFT Corporation Limited, (the company) which comprises the balance sheet as at 31 December 2008, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the

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entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we complied with applicable independence requirements of the Corporations Act 2001.

Auditor's opinion

In our opinion:

- a the financial report of AFT Corporation Limited is in accordance with the Corporations Act 2001, including:
 - i giving a true and fair view of the company's and consolidated entity's financial position as at 31 December 2008 and of their performance for the year ended on that date; and
 - ii complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
- b the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 15 to 17 of the directors' report for the year ended 31 December 2008. 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.

Auditor's opinion

In our opinion the Remuneration Report of AFT Corporation Limited for the year ended 31 December 2008, complies with section 300A of the Corporations Act 2001.

Grant Thornton (WA) Partnership

GRANT THORNTON (WA) PARTNERSHIP
Chartered Accountants

P. Warr.

P W Warr
Partner

Perth, 5 March 2009

AFT CORPORATION LIMITED - ABN 33 004 701 062
and Controlled Entities

SHAREHOLDER INFORMATION

The following information is provided in accordance with the Listing Rules of Australian Stock Exchange Limited

1. Statement of issued capital at 5 March 2009

Range	Total Holders	Units	% Issued Capital
1 - 1,000	118	78,422	0.001
1,001 - 5,000	230	646,507	0.010
5,001 - 10,000	124	964,349	0.016
10,001 - 100,000	373	15,488,493	0.250
100,000 or more	1,555	6,178,016,931	99.723
Total	2,400	6,195,194,702	100.00

2. Top 20 Holders of Ordinary Shares as at 5 March 2009

Rank	Name	Number of Shares	% Issued Capital
1	MR STONE HONG WANG	528,991,840	8.539
2	MR GE WANG	400,799,780	6.470
3	MR KUN SUM SHEA	300,780,440	4.855
4	MR JIAN XIN CHAN	300,000,000	4.842
5	MS CHONG KWAN	300,000,000	4.842
6	MS SHAOHUA LIANG	300,000,000	4.842
7	OXFORD INTERNATIONAL CAPITAL LIMITED	300,000,000	4.842
8	CENTURY TECHNOLOGY INVESTMENTS LIMITED	281,000,000	4.536
9	MR JING WANG	200,780,440	3.241
10	MR ZHANG XIAO MING	200,000,000	3.228
11	MR JAMES LEUNG & MS CHRISTINE CHUI WAH CHEUNG	200,000,000	3.228
12	TECHSUCCESS LIMITED WOLFELANDS	177,430,681	2.864
13	VITEC GLOBAL LIMITED	137,690,000	2.223
14	MR RAYMOND CHUNG JIL SEETO	105,000,000	1.695
15	MS PEIWEN PEGGY LU	84,413,500	1.363
16	MR ELISARDO FONTAN	63,959,662	1.032
17	MR JOHN LONGO	50,597,897	0.817
18	MR ROBERT H GREENFIELD & MRS PATRICIA GREENFIELD <GREENFIELD SUPER FUND A/C>	50,000,000	0.807
19	MRS GERARDETTE SEETO	50,000,000	0.807
20	BRIGHT LUCK INVESTMENT	41,666,650	0.673
	Total	4,073,110,890	65.746

3. Unmarketable Parcels

The number of shareholders with unmarketable parcels is 1,472.

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and Controlled Entities**

SHAREHOLDER INFORMATION

4. Substantial Holders

The names of the substantial shareholders as at 5 March 2009 are

Name	Number of shares
MR STONE HONG WANG	528,991,840
MR GE WANG	400,799,780
MR KUN SUM SHEA	300,780,440
MR JIAN XIN CHAN	300,000,000
MS CHONG KWAN	300,000,000
MS SHAOHUA LIANG	300,000,000
OXFORD INTERNATIONAL CAPITAL LIMITED	300,000,000
CENTURY TECHNOLOGY INVESTMENTS LIMITED	281,000,000

5. Voting Rights

Each Ordinary Share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

6. Quotation

Shares in AFT Corporation Limited are listed on Australian Stock Exchange Limited.

7. Audit Committee

As at the date of the directors' report the Company did not have a separate audit committee, however meetings are held between senior management and auditors throughout the year to discuss the Company's ongoing activities and to discuss any proposed changes prior to their implementation and to seek advice in relation thereto.