

AdvanceTC Limited  
Appendix 3  
Half-year report

1. Company details

Name of entity: AdvanceTC Limited  
ABN: 600 238 444  
Reporting period: For the half-year ended 30 June 2020  
Previous period: For the half-year ended 30 June 2019

2. Key Information

				MYR
Revenue and other income	up/down	0%	to	12,350
Loss for the period	up	251%	to	(2,370,820)
Loss for the period attributable to members of the parent	Up	317%	to	(2,184,501)
		Current period	Previous corresponding period	
Dividends		N/A	N/A	

3. Auditors' review

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

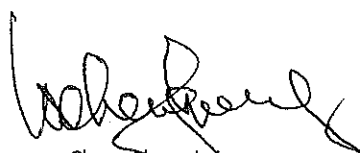
The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report, the audit conclusion was disclaimed.

4. Attachments

*Details of attachments (if any):*

The Interim Report of AdvanceTC Limited for the half-year ended 30 June 2020 is attached.

5. Signed



Cheng Pheng Lo  
Chief Executive Officer

11 September 2020

# AdvanceTC Limited and Controlled Entities

ACN 600 238 444

Interim Report – Half year ended 30 June 2020

Six months ended 30 June 2020

Contents

Corporate information	1
Directors' report	2
Auditor's Independence Declaration	5
Consolidated statement of profit or loss and other comprehensive income	6
Consolidated statement of financial position	7
Consolidated statement of changes in equity	8
Consolidated statement of cash flows	9
Notes to the financial statements	10
Directors' declaration	15
Independent auditor's review report	16

**AdvanceTC Limited and controlled entities**  
**ACN 600 238 444**

**Six months ended 30 June 2020**

Corporate Information

**Directors**

Cheng Pheng Loi  
Gim Keong Lee  
Jonathan Yeow Koon Loi  
Chee Tuck Cho  
Chee Seng Cho  
Jeffrey William King  
Zi Xin Kang  
Hooi Beng Lim

**Company Secretary**

Chee Seng Cho

**Registered Office**

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

**Principal Place of Business**

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

**Share Registry**

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

**Solicitors**

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

**Bankers**

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

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

**Auditors**

LNP Audit and Assurance Pty Ltd  
Level 14, 309 Kent Street,  
Sydney NSW 2000  
AUSTRALIA

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

## **Directors' Report**

### **30 June 2020**

The directors present their report, together with the financial statements, on AdvanceTC Limited and its controlled entities, (the 'consolidated entity' or 'Group') consisting of AdvanceTC Limited (the 'Company' or 'Parent') and the entities it controlled at the end of, or during, the six months ended 30 June 2020.

#### **Directors**

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

Cheng Pheng Loi

Gim Keong Lee

JonathanYeow Koon Loi

Chee Tuck Cho

Chee Seng Cho

Jeffrey William King

Hooi Beng Lim

Zi Xin Kang

#### **Principal activity**

The principal activity of the Group during the financial period were the design, development and commercialisation of high tech mobile wireless computing and telecommunication devices. It is creator of the MAGIC™ brand of mobile computing devices and operates development facilities in Malaysia including its proprietary software and applications services. AdvanceTC Limited acts as a holding company for AdvanceTC Sdn Bhd, a company incorporated and having its principal place of business in Malaysia. AdvanceTC Sdn Bhd owns 60.1% of Advance Tech Communications Sdn Bhd, a company also incorporated in Malaysia, which is the group's operating entity. AdvanceTC Limited owns a further 35.3% of Advance Tech Communications Sdn Bhd taking the total consolidated ownership of 95.4%

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

#### **Review of operations**

The consolidated loss after income tax for the six month period ended 30 June 2020 was MYR 2,370,820 (Six months to June 2119: MYR 674,806). Losses before interest, tax, depreciation, amortisation and impairments were MYR 2,366,591 (2019: MYR 1,603,155).

#### *Going concern*

As at 30 June 2020 the group had cash and cash equivalents of MYR 208,398, net current assets of MYR 2,737,314, total liabilities of MYR 4,167,491, of which MYR 348,286 were repayable within one year, and is in a net liability position of MYR 1,064,038.

For the six months ended 30 June 2020, the Group being in the development phase, had no revenue from customers, incurred losses after income tax of MYR 2,370,820 and net cash outflows from operating activities of MYR 519,590.

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

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

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

Despite the negative effects that COVID-19 has had on the markets in which the Group operates, during the half year the group raised MYR 750,000 of new capital and has further capital receipts planned on an ongoing basis to fund its requirements. Additionally, the Group

## Six months ended 30 June 2020

has obtained moratoriums for loan repayments from certain related parties and other creditors totalling MYR 3,789,562 who have given written agreement to defer settlement until 2022 and the Directors consider that they have the ongoing support of suppliers in relation to this. On this basis the Directors have prepared the financial report on the Going concern basis.

While the financial condition of the Group gives rise to a material uncertainty in relation to the Group's ability to realise its assets and settle its liabilities at the amounts stated in the financial information, the Directors consider the Group will be able to meet its obligations as and when they fall due. Accordingly, these financial statements have been prepared on a going concern basis. No adjustments have been made to the financial information relating to the recoverability or classification of the recorded asset amounts and classification of liabilities that may be necessary should the Group not continue as a going concern.

### Significant changes in the state of affairs and operations outlook

Given the recent outbreak of COVID-19, the global near-halt in travel and the various measures taken by the Australian and Malaysian government in dealing with the pandemic, the growth plans of the Group is to continue to develop its key products and the operations of the group to support this. Production on approximately 800 units of Xplore X7 is now largely complete. These are expected to be ready for sale by the end of the year.

### Matters subsequent to the end of the financial year

Due to the current situation in relation to COVID-19, the business and economic environment is extremely uncertain with governments taking increasingly stringent steps to contain or delay the spread of COVID-19. Due to these circumstances, there is a significant increase in business and economic uncertainty, which is, for example, evidenced by more volatile markets, and uncertainty in asset values. COVID-19 has had significant impacts on local and global economies and has affected the Group. The Group has taken actions to mitigate the uncertainties and risks and will continue to do so as required.

On 9 June 2020, the Company issued 35 million shares valued at MYR 21,000,000. As at 30 June 2020, shares valued at MYR 750,000 were fully paid and are included in the share capital on the consolidated balance sheet with the unpaid portion held in escrow until such time payment is received by the Company. Shareholders have agreed to settle the remaining amounts by 15 April 2021 in progressive instalments based on the following agreed payment schedule;

Date	Total	Received between 9 June and 30 June 2020	Balance as of 30 June 2020	Received between 1 July 2020 and 11 September 2020	Remaining balance at 11 September 2020
9 June - 15th July 2020	1,680,000	(750,000)	930,000	(500,000)	430,000
1 - 15th August 2020	1,764,000	-	1,764,000	(550,000)	1,214,000
1 - 15th September 2020	1,848,000	-	1,848,000	(400,000)	1,448,000
1 - 15th October 2020	1,932,000	-	1,932,000	-	1,932,000
1 - 15th November 2020	2,016,000	-	2,016,000	-	2,016,000
1 - 15th December 2020	2,100,000	-	2,100,000	-	2,100,000
1 - 15th January 2021	2,184,000	-	2,184,000	-	2,184,000
1 - 15th February 2021	2,268,000	-	2,268,000	-	2,268,000
1 - 15th March 2021	2,352,000	-	2,352,000	-	2,352,000
1 - 15th April 2021	2,856,000	-	2,856,000	-	2,856,000
Total	21,000,000	(750,000)	20,250,000	(1,450,000)	18,800,000

Except for the matters stated above, no other matters or circumstances have arisen since the end of the financial period which significantly affected or could significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

AdvanceTC Limited  
ACN 600 238 444

Six months ended 30 June 2020

*Auditor's independence declaration*

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

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

On behalf of the directors



Cheng Pheng Loi  
Chief Executive Officer

11 September 2020

AUDITOR'S INDEPENDENCE DECLARATION  
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001  
TO THE DIRECTORS OF ADVANCETC LIMITED

As lead auditor of AdvanceTC Limited and Controlled Entities for the half-year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been:

1. no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
2. no contraventions of any applicable code of professional conduct in relation to the audit.

LNP Audit and Assurance Pty Ltd



Anthony Rose  
Director

Sydney, 11 September 2020

Consolidated Statement of Profit or Loss and Other Comprehensive Income  
For the six months Ended 30 June 2020

	Note	30 Jun 2020 MYR	30 Jun 2019 MYR
Other income		12,350	12,350
Change in inventories		(89,012)	-
Employee benefits expense		(970,212)	(775,752)
Depreciation and amortisation expense		(3,166)	(41,582)
Legal and consultancy expenses		(646,813)	(213,185)
R&D expenses		(13,335)	(234,468)
Other expenses		(659,569)	(392,100)
Finance costs		(1,063)	(6,217)
<b>Loss before income tax expense</b>	4	<b>(2,370,820)</b>	<b>(1,650,954)</b>
Income tax benefits		-	976,148
<b>Loss for the period</b>		<b>(2,370,820)</b>	<b>(674,806)</b>
Other comprehensive income for the half-year, net of tax		-	-
<b>Total comprehensive loss for the period</b>		<b>(2,370,820)</b>	<b>(674,806)</b>
Loss attributable to:			
Members of the parent entity		(2,184,501)	(524,126)
Non-controlling interest		(186,319)	(150,680)
		<b>(2,370,820)</b>	<b>(674,806)</b>
Total comprehensive loss attributable to:			
Members of the parent entity		(2,184,501)	(524,126)
Non-controlling interest		(186,319)	(150,680)
		<b>(2,370,820)</b>	<b>(674,806)</b>
<b>Earnings per share attributable to members of the parent entity</b>		<b>Cents</b>	<b>Cents</b>
Basic earnings per share (cents per share)	6	(0.53)	(0.13)
Diluted earnings per share (cents per share)	6	(0.53)	(0.13)

Consolidated Statement of Financial Position  
As At 30 June 2020

	Note	30 Jun 2020 MYR	31 Dec 2019 MYR
<b>ASSETS</b>			
CURRENT ASSETS			
Cash and cash equivalents		208,398	7,125
Trade and other receivables		998,559	4,336
Inventories	7	1,878,643	1,775,203
<b>TOTAL CURRENT ASSETS</b>		<b>3,085,600</b>	<b>1,786,664</b>
NON-CURRENT ASSETS			
Property, plant and equipment		17,853	15,138
<b>TOTAL NON-CURRENT ASSETS</b>		<b>17,853</b>	<b>15,138</b>
<b>TOTAL ASSETS</b>		<b>3,103,453</b>	<b>1,801,802</b>
<b>LIABILITIES</b>			
CURRENT LIABILITIES			
Trade and other payables	8	348,286	645,254
Borrowings		-	6,832
<b>TOTAL CURRENT LIABILITIES</b>		<b>348,286</b>	<b>652,086</b>
NON-CURRENT LIABILITIES			
Trade and other payables	8	3,789,562	3,019,322
Borrowings		29,643	46,192
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>3,819,205</b>	<b>3,065,514</b>
<b>TOTAL LIABILITIES</b>		<b>4,167,491</b>	<b>3,717,600</b>
<b>NET LIABILITIES</b>		<b>(1,064,038)</b>	<b>(1,915,798)</b>
<b>EQUITY</b>			
Issued capital	9	28,079,857	24,857,277
Accumulated losses		(27,356,213)	(25,171,712)
<b>Total equity attributable to equity holders of the Company</b>		<b>723,644</b>	<b>(314,435)</b>
Non-controlling interest		(1,787,682)	(1,601,363)
<b>TOTAL EQUITY</b>		<b>(1,064,038)</b>	<b>(1,915,798)</b>

Consolidated Statement of Changes in Equity  
For the six months ended 30 June 2020

2020

	Ordinary Shares MYR	Accumulated losses MYR	Total MYR	Non- Controlling Interests MYR	Total Equity MYR
Balance at 1 January 2020	24,857,277	(25,171,712)	(314,435)	(1,601,363)	(1,915,798)
Loss attributable to members of the parent entity	-	(2,184,501)	(2,184,501)	-	(2,184,501)
Loss attributable to non-controlling interest	-	-	-	(186,319)	(186,319)
Total comprehensive loss for the period	-	(2,184,501)	(2,184,501)	(186,319)	(2,370,820)
Share Issued during the period	3,222,580	-	3,222,580	-	3,222,580
<b>Balance at 30 June 2020</b>	<b>28,079,857</b>	<b>(27,356,213)</b>	<b>723,644</b>	<b>(1,787,682)</b>	<b>(1,064,038)</b>

2019

Balance at 1 January 2019	24,857,277	(28,436,794)	(3,579,517)	(1,619,748)	(5,199,265)
Loss attributable to members of the parent entity	-	(524,126)	(524,126)	-	(524,126)
Loss attributable to non-controlling interest	-	-	-	(150,680)	(150,680)
Total comprehensive loss for the period	-	(524,126)	(524,126)	(150,680)	(674,806)
Balance at 30 June 2019	24,857,277	(28,960,920)	(4,103,643)	(1,770,428)	(5,874,071)

Consolidated Statement of Cash Flows  
For the half-year ended 30 June 2020

	Note	30-Jun-20 MYR	30-Jun-19 MYR
Receipts from customers		12,350	12,350
Payments to suppliers and employees		(530,879)	33,297
Interest and other costs of finance paid		(1,063)	(1,115)
<b>Net cash (used in) / provided by operating activities</b>	11	<b>(519,592)</b>	<b>44,532</b>
Payments for purchases of property, plant and equipment		(5,881)	-
<b>Net cash used in investing activities</b>		<b>(5,881)</b>	<b>-</b>
Proceeds from borrowings		-	3,342
Repayment of borrowings		(23,254)	(49,371)
Issue of shares		750,000	-
<b>Net cash provided by / (used in) financing activities</b>		<b>726,746</b>	<b>(46,029)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>201,273</b>	<b>(1,497)</b>
Cash at beginning of period		7,125	8,727
<b>Cash at end of period</b>		<b>208,398</b>	<b>7,230</b>

Notes to the Financial Statements  
30 June 2020

**1 Basis of Preparation**

This condensed consolidated interim financial report for the reporting period ending 30 June 2020 has been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standard AASB 134: Interim Financial Reporting. The principal activities of the Group during the financial year were providing events management service, particularly in the entertainment industry, personalised events, Government projects and Corporate events.

The interim financial report is intended to provide users with an update on the latest annual financial statements of the Group. As such it does not contain information that represents relatively insignificant changes occurring during the year within the Group. This condensed consolidated financial report does not include all the notes normally included in an annual financial report. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 31 December 2019, together with any public announcements made during the year.

**2. Summary of Significant Accounting Policies**

The accounting policies adopted in the preparation of the financial statements for the half-year ended 30 June 2020 are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the period ended 31 December 2019.

The accounting policies adopted in the preparation of the financial report are consistent with those of the previous financial year and corresponding interim reporting period, except for the adoption of AASB 16: Leases, which took effect from 1 January 2019 and restatement of comparative balances, detailed below.

*Leases - Adoption of AASB 16.* The Group has adopted AASB 16 Leases using the modified retrospective (cumulative catch up) method from 1 January 2019 and therefore the comparative information as at 31 December 2019 has not been restated and has been prepared in accordance with AASB 117 Leases and associated Accounting Interpretations.

The Group elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less (short-term leases), and lease contracts for which the underlying asset is of low value (low-value assets) and as such, no balances were recognised in the consolidated half year financial report as a result of the adoption.

**3. Critical Accounting Estimates and Judgments**

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

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

The significant estimates and judgements made are:

*Going concern*

As at 30 June 2020 the group had cash and cash equivalents of MYR 208,398, net current assets of MYR 2,737,314, total liabilities of MYR 4,167,491, of which MYR 348,286 were repayable within one year, and is in a net liability position of MYR 1,064,038.

For the six months ended 30 June 2020, the Group being in the development phase, had no revenue from customers, incurred losses after income tax of MYR 2,370,820 and net cash outflows from operating activities of MYR 519,590.

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

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

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

Notes to the financial statements  
30 June 2020

**3. Critical Accounting Estimates and Judgments (continued)**

Despite the negative effects that COVID-19 has had on the markets in which the Group operates, during the half year the group raised MYR 750,000 of new capital and has further capital receipts planned on an ongoing basis to fund its requirements. Additionally, the Group has obtained moratoriums for loan repayments from certain related parties and other creditors totaling MYR 3,789,562 who have given written agreement to defer settlement until 2022 and the Directors consider that they have the ongoing support of suppliers in relation to this. On this basis the Directors have prepared the financial report on the Going concern basis.

While the financial condition of the Group gives rise to a material uncertainty in relation to the Group's ability to realise its assets and settle its liabilities at the amounts stated in the financial information, the Directors consider the Group will be able to meet its obligations as and when they fall due. Accordingly, these financial statements have been prepared on a going concern basis. No adjustments have been made to the financial information relating to the recoverability or classification of the recorded asset amounts and classification of liabilities that may be necessary should the Group not continue as a going concern.

*Realisable value of Inventory*

As of 30 June 2020, the Group has recognised MYR1,878,643 as an asset relating to inventory and production deposits for the X7 product, of which MYR 1,009,243 had not been received from the supplier the deposit was paid to, the production deposit having originally been paid in August 2019. The balance of MYR 869,400 of production has been received but is not complete and requires additional work which a separate external supplier has been contracted to carry out prior to the items being saleable. The Group is currently attempting to market the product. However, due to COVID-19 this is proving to be exceptionally difficult. The timing and value that these amounts may be realisable for is therefore subject to a significant uncertainty and no impairment estimate has been made against this asset.

*Recoverability of receivables*

The measurement of the recoverability of the Group's receivables at reporting date requires judgement from management by taking into account past historical data, knowledge of the receivable and timing of cash flows when recoverability is measured. They have been reviewed to determine whether there is any objective evidence that any of the receivables are impaired. An impairment provision is included for any receivable where the entire balance is not considered collectible. The impairment provision is based on the best information at the reporting date

*Classification of payables*

The significant deterioration in the Group's operating results and financial position has led directors to seek moratoriums on payment of related party payable balances as part of managing the Group's cash flow and ongoing liquidity in order to maintain ongoing liquidity in during the tough economic conditions.

The accounting effect of the moratoriums is that the due dates on trade payables of MYR 3,789,562 now fall after 12 months from the date of the half year-financial report and have been classified as non-current liabilities on the consolidated balance sheet at 30 June 2020.

Whether the Group will be able to settle these on the revised due dates remains uncertain due. Any breaches on payment without further approved waivers could result in these trade payables being called, which in turn would revert the classification back to current.

*Consolidation of AdvanceTC Cilicon SA*

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

**Notes to the financial statements**  
**30 June 2020**

**4. Earnings per Share**

Earnings used to calculate overall earnings per share (EPS)

	30 Jun 2020 MYR	30 Jun 2019 MYR
Earnings used to calculate basic and diluted earnings per share	<u>(2,114,867)</u>	<u>(524,126)</u>

	30 Jun 2020 MYR No.	30 Jun 2019 MYR No.
Weighted average number ordinary shares outstanding during the period used in calculating basic and diluted EPS	<u>396,885,167</u>	<u>390,140,547</u>

**5. Dividends**

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

**6. Inventories**

	30 Jun 2020 MYR	31 Dec 2019 MYR
Production deposits	1,009,243	1,755,726
Work in progress	<u>869,400</u>	<u>19,477</u>
	<u>1,878,643</u>	<u>1,775,203</u>

**7. Trade and other payable**

Trade payables (a)	249,266	253,267
Other payables (b)	<u>99,020</u>	<u>391,987</u>
	<u>348,286</u>	<u>645,254</u>
NON-CURRENT		
Other payables (b)	<u>3,789,562</u>	<u>3,019,322</u>
	<u>4,137,848</u>	<u>3,664,576</u>

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

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

Notes to the Financial Statements  
30 June 2020

8. Equity

	30 Jun 2020 MYR	31 Dec 2019 MYR
Paid-up Capital		
396,885,167 (31 December 2019: 390,140,547) Ordinary shares	<u>28,079,857</u>	<u>24,857,277</u>

Ordinary shares

	30 Jun 2020 No.	31 Dec 2019 No.
At the beginning of the period	390,140,547	390,140,547
Shares issued and paid during the period	6,744,620	-
Shares issued and not paid yet – held in an escrow	<u>33,750,000</u>	<u>-</u>
At the end of the reporting period	<u>430,635,167</u>	<u>390,140,547</u>

During the period, the Company issue shares is two tranches of 35,000,000 shares and 5,494,620 shares. The share issue of 5,494,620 was fully settled by 30 June 2020. Only 1,250,000 shares were fully paid up of the 35,000,000 issue shares as of the reporting date. The remaining 33,750,000 shares are held in an escrow.

The holders of ordinary shares are entitled to participate in dividends and the proceeds on winding up of the Company. On a show of hands at meetings of the Company, each holder of ordinary shares has one vote in person or by proxy, and upon a poll each share is entitled to one vote. Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. At the shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands,

9. Contingent liabilities

In the opinion of the Directors, the Group did not have any contingencies liabilities during six months period.

10. Cash flow information

	30-Jun-20 MYR	30-Jun-19 MYR
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Loss before taxation	(2,370,820)	(1,650,954)
Adjustments for:		
Depreciation	3,166	41,582
Interest	(1,063)	5,102
Fair value loss on non-current payables	303,927	246,984
<b>Net cash flows used in operations</b>	<u>(2,064,790)</u>	<u>(1,357,286)</u>
Adjustments for:		
(Increase)/decrease in trade and other receivables	(994,349)	1,037,096
Increase in inventories	(103,440)	
Increase in trade and other payables	2,642,987	364,722
Cash flows from operating activities	<u>(519,592)</u>	<u>44,532</u>
Net cash flows from operating activities	<u>(519,592)</u>	<u>44,532</u>

Notes to the Financial Statements  
30 June 2020

**11. Related parties**

The Group's main related parties are key management personnel including close family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel or their close family members.

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. The following transactions occurred with related parties:

	30 Jun 20 MYR	30 Jun 19 MYR
<b>Payable to or receivable from related parties at period end</b>		
Directors loans (payable by the Group)	32,721	46,192
Top ATC Industries Sdn Bhd	1,001,878	(2,253,544)
<b>Transaction occurring during the period:</b>		
Key management personnel remuneration	354,600	318,000
Directors' loan advanced/(repaid)	(13,471)	2,450
Net movement in intercompany current account with Top ATC Sdn Bhd	3,255,422	2,111,417

**12. Events after the reporting period**

The financial report was authorised for issue on 11 September 2020 by the board of directors.

Refer to the Directors report for other matters occurring after the period end. Except for the matters stated therein, no other matters or circumstances have arisen since the end of the financial period which significantly affected or could significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

AdvanceTC Limited and controlled entities  
ACN 600 238 444

Directors' Declaration  
30 June 2020

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2020 and of its performance for the six months ended on that date; and
- there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

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

On behalf of the directors

A handwritten signature in black ink, appearing to read 'Cheng Pheng Loi', with a stylized, cursive script.

Cheng Pheng Loi  
Chief Executive Officer  
11 September 2020

## INDEPENDENT AUDITOR'S REVIEW REPORT

### TO THE MEMBERS OF ADVANCETC LIMITED AND CONTROLLED ENTITIES

#### REPORT ON THE HALF-YEAR FINANCIAL REPORT

We have reviewed the half-year financial report of AdvanceTC Limited and Controlled Entities, (the Group), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the Directors' Declaration of the Group.

We do not express a conclusion on the accompanying financial report of the Group. Because of the significance of the matters described in the Basis of Disclaimer of Conclusion section of our report, we have not been able to perform the review procedures necessary to provide a conclusion on the review of the financial report.

#### ***Basis for Disclaimer of Conclusion***

The financial statements include the following material items for which we have been unable to obtain sufficient appropriate review evidence. These items are:

- a) Note 1 of the half-year financial report discloses conditions that indicate the existence of the material uncertainties, relating to the matters surrounding the continuing use of the going concern assumption in preparation of these financial statements. We have been unable to obtain sufficient appropriate review evidence to support Management's assessment of the Group's ability to continue as a going concern, and the effect of COVID-19 on the Group's operations and cash flows.
- b) As stated in Note 5 in the financial statements, as of 30 June 2020, the Group has recognised MYR1,878,643 as an asset relating to Inventory and production deposits for the X7 product, of which MYR 1,009,243 had not been received from the supplier, the deposit having originally been paid in August 2019. The balance of MYR 869,400 of production has been received but is not complete and requires additional work which a separate external supplier has been contracted to carry out prior to the items being saleable. The Group is currently attempting to market the product. However, due to COVID-19 this is proving to be exceptionally difficult. The timing and value for which these amounts may be realisable is therefore subject to a significant uncertainty and no impairment estimate has been made against this asset. Consequently, we were unable to determine whether any adjustments to these amounts are necessary.
- c) As stated on the face of the Statement of Financial Position, the Group has MYR 998,559 of receivables from related parties. We were unable to obtain sufficient appropriate evidence

about the carrying amount of these receivables and whether they are affected by COVID-19. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

We consider the impact of the above matters to be material and pervasive to the financial statements of the Group.

We conducted our review in accordance with ASRE 2410 *Review of Financial Report Performance by the Independent Auditor of the Entity*. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our review of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code. We confirm that the independence declaration required by the *Corporation Act 2001* which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

## ***Responsibility of the Directors for the Financial Report***

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

## ***Auditor's Responsibility for the Review of the Financial Report***

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 June 2020 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

LNP Audit and Assurance Pty Ltd



Anthony Rose, Director

Sydney, 11 September 2020