AFT CORPORATION LIMITED

ABN 33 004 701 062

And Controlled Entities

Annual Report

For the Financial Year

Ended 31 December 2010

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CORPORATE INFORMATION

Directors:	Stone Wang – Executive Director John Zhang – Executive Director Neil Bourne – Non Executive Director
Secretary:	Maurice Watson
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Auditors:	Grant Thornton Audit Pty Ltd Level 17, 383 Kent Street Sydney, NSW, 2000
ASX Home Branch:	Australian Securities Exchange 2, The Esplanade Perth, WA, 6000
Bankers:	ANZ Banking Group Limited Cnr King & George Streets Sydney, NSW, 2000
	HSBC Bank Australia 28 Bridge Street Sydney, NSW, 2000
	National Australia Bank Level 15, Ernst & Young Building 680 George Street, Sydney NSW 2000
Share Registry:	Registries Limited Level 7, 207 Kent Street Sydney, NSW, 2000 Telephone: (02) 9290 9600, Facsimile: (02) 9279 0664
Solicitors:	Haworth & Lexon Suite 1204, 87-89 Liverpool Street Sydney, NSW, 2000

EXECUTIVE DIRECTOR'S REVIEW

The Year in Perspective

Dear Shareholders,

The year since the last annual report has been a very fruitful and exciting one for the Group.

In the financial year of 2010, the Group achieved a significant sales record of more than $14 million and net profit of more than $1 million, thanks to the hard work of the directors and the team of AFT Corporation Ltd and its subsidiaries.

The Board expects revenue to continue to grow in 2011. The Board and the management team of the Group will focus on the growth of core businesses in the solar photovoltaic (pv) and building integrated photovoltaic (bipv) business and also explore other avenues, such as the hi-tech, energy saving, environment friendly solutions to increase revenue, and produce business that is profitable and cash-flow positive.

Having established the Group's strategy, and recapitalised the Group, the Board and Management team have focused on the development of a portfolio of well managed, profitable and cash generating businesses subject to stringent risk management procedures.

I would like to ask all shareholders for their support and assistance in rebuilding the fortunes of AFT Corporation Ltd. The Board and Management of the Group expect 2011 to be a year of great development for AFT Corporation Ltd and its subsidiaries.

Yours sincerely,

John Zhang
Executive Director

Sydney, New South Wales
Date: 4 March 2011

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 2010 financial year and to the date of this report, it has complied with Australian Securities Exchange (ASX) Corporate Governance Principles and Recommendations except as noted below. 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 within 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 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 is 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 John Zhang'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 Remuneration Report 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 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 is 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 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 Group's policies and procedures on continuous disclosure are designed to ensure that the Group and the Board comply 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 dicsclosure. The written policy of the Group is as follows.

Directors have the duty to immediate 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.

- 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 Group 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 Group 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 John Zhang 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 Group, 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 Group, 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 John Zhang 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 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 Group against budget on an ongoing basis. Due to the current size of the Group 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 practice 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, 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.

- 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.

- 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.

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 2010.

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
John Zhang	Executive Director	6 April 2009
Neil Bourne	Non-Executive Director	14 February 2007

Mr Stone Wang was appointed to the Board on 21 December 2007. He graduated as a Master of Science from University of Sydney. He has extensive experience in business in both Australia and China. Mr Stone Wang does not hold any other directorships in other listed companies and is currently the Chief Executive Officer and Chairman of the Group.

Mr John Zhang was appointed to the Board on 6 April 2009. He was educated in China at the Guangdong Foreign Trade College and has extensive experience in import/export between Australia and China. He worked in a public listed company in Hong Kong and has been residing in Australia for 10 years. Mr John Zhang 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 a principal for 17 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 Group, 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 2010	31 Dec 2010	1 Jan 2010	31 Dec 2010
Stone Wang	613,405,340	613,405,340	-	-
Neil Bourne	40,000	40,000	-	-
John Zhang	-	-	-	-

Directors' Meetings

During the period, there were 7 meetings of directors, and 0 circulating resolutions pursuant to the Group's Constitution.

The attendance of directors was as follows:

	Held	Eligible	Attended
Stone Wang	7	7	7
John Zhang	7	7	7
Neil Bourne	7	7	7

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 half-year was the marketing and sales of solar panel products by Artemis Building Systems Pty Ltd.

Operating Results

The result for the financial period ended 31 December 2010 after income tax is a profit of $1,004,324.
(2009 loss: $418,677).

Dividends

Since the end of the previous financial year, no dividends have been paid or declared by the Group, and the directors of the Group recommend that no dividend be provided for the year ended 31 December 2010.

Review of Operations

During 2010 the Company returned to profitability based on the activities of our Artemis Building Systems (ABS). ABS specialises in the design and supply of solar photovoltaic commercial, retail and wholesale solutions.

Recent changes in policy in NSW and the ongoing uncertainty over Federal policy combined with disruption in Queensland due the recent floods may have an adverse impact on our sales in the first half of 2011, however the long-term market outlook remains positive as the cost-performance of the underlying technology continues to improve and as the market begins to accept and adopt a broader range of integrated photovoltaic solutions.

ABS has now established a strong national presence as a highly reliable supplier of quality photovoltaic products and solutions due to our robust supplier relationships and solid supply chain which has enabled us to provide continuity in supply even during times of product shortage. ABS continues to build its reputation as an outstanding supplier based on the quality of our design and engineering solutions and on our responsive customer service.

In the first half year of 2010, we achieved total sales of $4,915,840, with Net Profit After Tax of $186,679. Tight supply in the global market for photovoltaic panels and inverters constrained sales growth during the period, with overall sales falling below budget, however based on our strong relationships with key suppliers, ABS was able to maintain supply and has consequently benefited from sustained growth in new customers and strong margins.

This set the foundations for our strong growth in sales of $9,220,512 for the second half year of 2010.

Our full year results for 2010 was total sales of $14,136,352 with Net Profit After Tax of $1,004,324.

Mindful of potential future constraints on supply, the Group has worked closely with existing suppliers and have established additional relationships to further enhance our ability to address future demand.

In 2011, ABS will continue to grow its current distribution business, and expand into direct project activities within the commercial and corporate sectors.

At a corporate level, AFT will continue to maintain small operational teams both in China and in Sydney to undertake business development and technical support activities in the areas of solar PV, BIPV and other Energy Saving products in the market.

Cash Flow

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

Financial Position

The net assets of the consolidated entity have increased by $1,064,604 from 31 December 2009 to $3,149,548 in 2010.

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:

- Investment assets with Yuanhong International Holding Limited were considered impaired and written off.
- The Group generated more than $14 million in revenues this year.

Events Subsequent to Balance Date

There are no material subsequent events since the period ended 31 December 2010.

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 entity'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 Group, and for the executives receiving the highest remuneration.

Key Management Personnel Remuneration

The Group'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 Group 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 for further three years. 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 18.

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

2010

Key Management Personnel	**Short-term Benefits**		**Post-employment Benefits**	**Share-based payment**		**Total**	**Performance Element of Remuneration**
	Cash, salary and commissions	**Non-cash benefit**	**Super-annuation**	**Equity**	**Options**		
	$	**$**	**$**	**$**	**$**	**$**	**%**
Stone Wang	140,682	-	10,412	-	-	151,094	-
Neil Bourne	30,000	-	2,700	-	-	32,700	-
John Zhang	100,002	-	7,650	-	-	107,652	-
Total	**270,684**	**-**	**20,762**	**-**	**-**	**291,446**	**-**

2009

Key Management Personnel	Short-term Benefits		Post-employment Benefits	Share-based payment		Total	Performance Element of Remuneration
	Cash, salary and commissions	Non-cash benefit	Super-annuation	Equity	Options		
	$	$	$	$	$	$	%
Stone Wang	154,395	-	12,208	75,897	-	242,500	-
Raymond Seeto (resigned 17 June 2009)	112,100	-	4,032	-	-	116,132	-
Neil Bourne	26,250	-	2,362	-	-	28,612	-
John Zhang	52,920	-	4,763	-	-	57,683	-
Total	**345,665**	**-**	**23,365**	**75,897**	**-**	**444,927**	**-**

Key Management Personnel Option Details

Name	Balance 1 Jan 2010	Received as Compensation	Options Exercised	Net Change Other	Balance 31 Dec 2010
	$	$	$	$	$
Stone Wang	124,879	-	-	-	124,879
Raymond Seeto (resigned 17 June 2009)	14,287	-	-	(14,287)	-
Neil Bourne	-	-	-	-	-
John Zhang	-	-	-	-	-
Totals	**139,166**	**-**	**-**	**(14,287)**	**124,879**

Name	Balance 1 Jan 2009	Received as Compensation	Options Exercised	Net Change Other	Balance 31 Dec 2009
	$	$	$	$	$
Stone Wang	48,982	75,897	-	-	124,879
Raymond Seeto	14,287	-	-	-	14,287
Neil Bourne	-	-	-	-	-
John Zhang	-	-	-	-	-
Totals	**63,269**	**75,897**	**-**	**-**	**139,166**

Company Performance and Shareholder Wealth

	2006	2007	2008	2009	2010
Revenue $'000	2,081	680	301	7,391	14,136
Net Profit (Loss) $'000	(4,961)	(5,811)	(1,121)	(419)	1,004
Share Price at Year-end (Cents per share)	0.001	0.001	0.001	0.001	0.002
Dividends paid	-	-	-	-	-

End of Audited Remuneration Report

Employee and Director Share based Loan Plan

The Board introduced an employee/directors share plan in 2008 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.

There were no new loans provided to the employees and directors of the Company this year.

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.

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.

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 insuance policy has been entered into for the directors and officers.

Proceedings on Behalf of the Company

There was no proceedings on behalf of the company during the year to 31 December 2010.

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 Group 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 Group'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.

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

For and on behalf of the Board.

John Zhang
Director

Sydney, New South Wales
Date: 4 March 2011

GrantThornton

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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 2010, 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

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

C F Farley
Director – Audit & Assurance

Sydney, 4 March 2011

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

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2010

	Note	Consolidated Entity 2010 $	2009 $
Revenue	2	14,136,352	7,355,733
Other Income	2	74,134	34,966
Subtotal		**14,210,486**	**7,390,699**
Raw Materials/Consumables Used		(11,196,860)	(5,949,440)
Occupancy & Administration Expense		(97,846)	(61,994)
Audit & Accounting Fees		(191,748)	(164,437)
Finance Costs		(2,756)	(4,313)
Salaries and Wages		(432,218)	(309,362)
Directors' Remuneration		(270,121)	(345,665)
Legal Settlement	3	-	-
Depreciation and Amortisation Expense	3	(18,121)	(17,032)
Impairment Expense	3	(50,000)	(473,237)
Other Expenses	3	(946,492)	(483,896)
Profit/(Loss) Before Income Tax		**1,004,324**	**(418,677)**
Income Tax Expense	4	-	-
Profit/(Loss) attributed to members of the parent entity		**1,004,324**	**(418,677)**
Other comprehensive income			
Unrealised foreign exchange loss		-	(10,947)
Other comprehensive income		-	**(10,947)**
Total comprehensive income for the year		**1,004,324**	**(429,624)**
Earnings per share:			
From continuing and discontinued operations:	19		
Basic Profit/(loss) per share (cents)		0.0163	(0.0068)
Diluted Profit/(loss) per share (cents)		0.0163	(0.0068)

The financial statement should be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2010

	Note	Consolidated Entity 2010 $	2009 $
CURRENT ASSETS			
Cash and cash equivalents	6	1,041,945	1,359,921
Trade and other receivables	7	1,293,929	1,190,532
Inventories	8	1,745,430	89,122
Other assets	9	33,536	5,000
TOTAL CURRENT ASSETS		**4,114,840**	**2,644,575**
NON-CURRENT ASSETS			
Other financial assets	10	-	50,000
Property, plant and equipment	11	88,867	97,889
TOTAL NON-CURRENT ASSETS		**88,867**	**147,889**
TOTAL ASSETS		**4,203,707**	**2,792,464**
CURRENT LIABILITIES			
Trade and other payables	13	942,577	639,040
Unearned Revenue	14	47,481	-
Borrowings	16	18,272	16,622
Provisions	17	38,044	31,983
TOTAL CURRENT LIABILITIES		**1,046,374**	**687,645**
NON-CURRENT LIABILITIES			
Provisions	17	6,182	
Borrowings	16	1,603	19,875
TOTAL NON-CURRENT LIABILITIES		**7,785**	**19,875**
TOTAL LIABILITIES		**1,054,159**	**707,520**
NET ASSETS		**3,149,548**	**2,084,944**
EQUITY			
Issued capital	18	103,126,740	103,126,740
Reserves	19	188,499	128,219
Retained earnings		(100,165,691)	(101,170,015)
TOTAL EQUITY		**3,149,548**	**2,084,944**

The financial statement should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2010

			Reserves		
	Issued Capital	**Accumulated losses**	**Unrealised foreign exchange loss**	**Employee Equity Settled benefits reserve**	**Total equity**
	$	**$**	**$**	**$**	**$**
CONSOLIDATED ENTITY					
At 1 January 2010	103,126,740	(101,170,015)	(10,947)	139,166	2,084,944
Total comprehensive income for the period	-	1,004,324	10,947	-	1,015,271
Share based payment reserve	-	-	-	49,333	49,333
At 31 December 2010	103,126,740	(100,165,691)	-	188,499	3,149,548

			Reserves		
	Issued Capital	**Accumulated losses**	**Unrealised foreign exchange loss**	**Employee Equity Settled benefits reserve**	**Total Equity**
	$	$	$	$	$
CONSOLIDATED ENTITY					
At 1 January 2009	103,068,406	(100,751,338)	-	63,269	2,380,337
Total comprehensive income for the period	-	(418,677)	(10,947)	-	(429,624)
Shares issued	58,334	-	-	-	58,334
Share based payments	-	-	-	75,897	75,897
At 31 December 2009	103,126,740	(101,170,015)	(10,947)	139,166	2,084,944

The financial statement should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2010

	Note	Consolidated Entity 2010 $	2009 $
Cash Flows from Operating Activities			
Receipts from customers		15,467,055	6,915,682
Payments to suppliers and employees		(15,812,082)	(7,719,238)
Interest received	2	55,529	34,966
Finance costs		(2,756)	(4,313)
Net cash used in operating activities	29(b)	**(292,254)**	**(772,903)**
Cash Flows from Investing Activities			
Payments for property, plant & equipment		(9,100)	(4,244)
Payments for investments		-	(50,000)
Net cash used in investing activities		**(9,100)**	**(54,244)**
Cash Flows from Financing Activities			
(Repayment) of borrowings		(16,622)	-
Net cash used in financing activities		**(16,622)**	**-**
Net (decrease) in cash held		**(317,976)**	**(827,147)**
Cash at beginning of financial period		1,359,921	2,187,068
Cash at end of financial period	29(a)	**1,041,945**	**1,359,921**

The financial statement should be read in conjunction with the accompanying notes.

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 financial statements for 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 Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The financial statements were approved by the board on 4 March 2011.

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 25 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. 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 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.

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.

e. **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.

f. **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.

g. **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 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 Statement of Comprehensive Income 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.

h. 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 Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows 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.

i. 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 Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts, if any.

j. 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.

k. 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.

l. **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.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the consolidated group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Comprehensive Income during the financial period in which they are incurred.

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.

m. **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. The amortisation period for intangible assets is 15 years.

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.

n. **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 Statement of Comprehensive Income.

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.

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.

o. 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.

p. 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.

q. 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.

r. 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 Statement of Comprehensive Income.

s. 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 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.

t. 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.

u. 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 Group have recognised an impairment of $50,000 against the investment in Yuanhong. The above assessment involves a high degree of estimate and complexity.

The estimates and assumptions used in the value-in-use calculations 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.

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.

v. 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.

w. New standards and Interpretations not yet adopted

Reference	Title	Summary	Effective Date	Impact on Group financial report	Application date for Group
AASB 2009-10	AASB 2009-10 Amendments to Australian Accounting Standards – Classification of Rights Issues	AASB 2009-10 makes amendments which clarify that rights, options or warrants to acquire a fixed number of an entity's own equity instruments for a fixed amount in any currency are equity instruments if the entity offers the rights, options or warrants pro rata to all existing owners of the same class of its non-derivative equity instruments.	31 Jan 11	Nil or minimal impact	31 Dec 11
AASB 2009-11	Amendments to Australian Accounting Standards arising from AASB 9 {AASB 1,3,4,5,7,101, 102,108,112,118, 121,127,128,131, 132,136,139,1023 & 1038 and Interpretations 10 & 12}	Retains but simplifies the mixed measurement model for financial instruments and establishes two primary measurement categories for financial assets: amortised cost and fair value	31 Dec 13	Nil or minimal impact	31 Dec 13
AASB 2010-2	Amendments to Australian Accounting Standards arising from reduced disclosure requirements	This Standard gives effect to Australian Accounting Standards - Reduced Disclosure Requirements. AASB 1053 provides further information regarding the differential reporting framework and the two tiers of reporting requirements for preparing general purpose financial statements.	30 Jun 14	Nil or minimal impact	31 Dec 14
AASB 2010-3	Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 3, AASB 7, AASB 121, AASB 128, AASB 131, AASB 132 & AASB 139]	Limits the scope of the measurement choices of non-controlling interest at proportionate share of net assets in the event of liquidation. Other components of NCI are measured at fair value. Eliminates the requirement to restate financial statements for a reporting period when significant influence or joint control is lost and the reporting entity accounts for the remaining investment under AASB 139. This includes the effect on accumulated foreign exchange differences on such investments.	30 Jun 11	Nil or minimal impact	31 Dec 11

AASB 2010-05	Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042]	The Standard makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of International Financial Reporting Standards by the International Accounting Standards Board.	31 Dec 11	Nil or minimal impact	31 Dec 11
AASB 7	AASB 7 Financial Instruments: Disclosures (Transfers of Financial Assets)	The Standard amends the disclosures required,, to help users of financial statements evaluate the risk exposures relating to more complex transfers of financial assets (eg. securitisations) and the effect of those risks on an entity's financial position.	30 Jun 12	Nil or minimal impact	31 Dec 12

The Group does not anticipate early adoption of any of the above reporting requirements and does not expect these requirements to have any material effect on the Group's financial statements.

	Note	Consolidated Entity 2010	2009
Note 2: Revenues		$	$
Sale of goods and services		14,136,352	7,355,733
Other income			
Interest received		55,529	34,966
Licence fee		500	-
Other		18,105	-
Total other revenue		74,134	34,966
Total revenues		**14,210,486**	**7,390,699**

	Note	2010	2009
Note 3: Expenses			
Cost of sales		11,196,860	5,949,440
Depreciation, impairment and amortisation expense:			
- plant and equipment		18,121	17,032
- impairment of investment	1(u)	50,000	50,000
- impairment of intangibles	1(u)	-	423,237
Total depreciation, amortisation and impairment		**68,121**	**490,269**
Other expenses			
-Consulting & management fees		51,574	169,604
-Legal costs		13,974	19,742
-Other operating expenses		880,944	294,550
Total other expenses		**946,492**	**483,896**

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 Statement of Financial Position since it is not considered probable that they will be uitlised 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 continue 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:

	Consolidated Entity	
	2010	**2009**
	$	**$**
Accounting gain/(loss) before income tax	1,004,324	(418,677)
At the consolidated entity's statutory income tax rate of 30% (2009: 30%)	301,297	(125,603)
Non-deductable fines	-	-
Impairment of intangible asset	-	141,971
Utilisation of tax losses	(301,297)	(16,368)
Income tax expense reported	-	-

Tax losses

The Group has Australian revenue tax losses for which no deferred tax asset is recognised in the Statement of Financial Position. 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.

	2010	**2009**
	$	**$**
Note 5: Auditors' Remuneration		
Auditor of the parent entity		
Auditing or reviewing the financial report	66,600	60,250
	66,600	60,250
Note 6: Cash and Cash Equivalents		
Cash and cash equivalents at bank	1,041,945	1,359,921
	1,041,945	**1,359,921**

	2010	**2009**
Note 7: Trade and Other Receivables	**$**	**$**
Current		
Trade & other receivables	1,293,929	1,190,532
	1,293,929	**1,190,532**

All receivable balances are 0-60 days old, there are no balances past due, impaired or not met in condition with trade terms.

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.

	Consolidated Entity	
	2010	2009
Note 8: Inventories	$	$
At cost		
Finished goods	1,745,430	89,122
At net realisable value		
Finished goods	1,745,430	89,122

	2010	2009
Note 9: Other Assets	$	$
Prepayment	33,536	5,000

Note 10: Other Financial Assets		
Non-Current		
Financial assets at cost	100,000	100,000
Less:		
Impairment provision	(100,000)	(50,000)
Total non-current investments	-	**50,000**

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.

	2010	2009
	$	$
Note 11: Property, Plant And Equipment		
Plant and equipment		
- at cost	135,393	126,293
- accumulated depreciation	(46,526)	(28,404)
	88,867	**97,889**

Movements in Carrying Amounts

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

	2010	2009
	$	$
Balance at the beginning of the period	97,889	110,677
Additions	9,099	4,244
Depreciation expense	(18,121)	(17,032)
Carrying amount at the end of the period	**88,867**	**97,889**

	Consolidated Entity 2010 $	Consolidated Entity 2009 $
Note 12: Intangible Assets		
Patents, trademarks and licences	-	11,771,482
Accumulated amortisation	-	(11,333,749)
Accumulated impairment	-	(437,733)
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	-	423,237
Amortisation	-	-
Impairment	-	(423,237)
Net carrying amount	-	-

During the period Vitec Global Limited did not make the minimum repayment due under the licence agreement. In accordance with the accounting policies disclosed in Note 1, the directors have reviewed the intellectual property for impairment and have written down to nil.

	Consolidated Entity 2010 $	Consolidated Entity 2009 $
Note 13: Trade and Other Payables		
Current		
Trade payables	327,585	490,886
Other payables	212,882	148,154
Accrued expenses	402,110	-
	942,577	**639,040**
Note 14: Unearned Revenue		
Current		
Customer deposits	47,481	-
Note 15: Borrowings		
Current		
Hire purchase	18,272	16,622
Non-current		
Hire purchase	1,603	19,875

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.

Borrowing -Hire purchase is a capital hire purchase contract on company Motor Vehicle purchase.

Note 16: Lease commitment

Non-cancellable operating lease contracted for but not capitalised in financial statements.

	Consolidated Entity	
	2010	**2009**
	$	**$**
Payable - not later than 12 months	41,586	17,500
- between 12 months and 5 years	73,992	-
- Greater than 5 years	-	-

The Property lease is a non-cancellable lease with a 3-year term, with rent payable monthly. Contingent lease provisions within the lease agreement require that minimum lease payments shall be increased 4% per annum and subject to annual CPI increases.

	2010	**2009**
Note 17: Provisions	**$**	**$**
Current		
Employee benefits	38,044	31,983
Non-Current		
Long Service Leave	6,182	-

	2010	**2009**
Note 18: Issued Capital	**$**	**$**
Issued and paid-up capital		
6,148,528,012 issued and fully paid ordinary shares	103,126,740	103,126,740
Ordinary shares		
At the beginning of reporting period	**103,126,740**	**103,068,406**
Shares issued during the year:		
- consulting fees	-	58,334
At reporting date	**103,126,740**	**103,126,740**
At the beginning of reporting period (1 January)	**6,148,528,012**	**6,195,194,702**
Shares issued during the year:		
- share placement		
03/07/2009	-	58,333,310
- ESPP cancelled		
01/07/2009	-	(105,000,000)
At reporting date (31 December)	**6,148,528,012**	**6,148,528,012**

The company has authorised share capital amounting to 6,148,528,012 ordinary shares of no par value.

Note 19: Reserves

Foreign currency translation reserve

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

Employee equity-settled benefits reserve

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 20: 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 2010, the estimated interest liability is $62,400. As it is contingent upon these conditions, this has not been included as a liability. There are no contingent liabilities other than this.

Term deposit held as security for the Company's liabilities to the bank's Multi-option facility

	Consolidated Entity	
	2010	**2009**
	$	**$**
Multi-option facility agreement – facility amount	500,000	500,000
Multi-option facility agreement – unused amount	57,252	299,074

Note 21: Gain/Loss per Share

Basic gain(loss) and diluted gain (loss) per share (cents)	0.0163	(0.0068)

Basic and diluted loss per share

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

	2010	**2009**
	$	**$**
Gain (Loss)	1,004,324	(418,677)
Earnings used in the calculated of basic and diluted EPS	1,004,324	(418,677)
Weighted average number of ordinary and shares used in the calculations of basic and diluted EPS	**6,148,528,012**	**6,171,477,795**

Note 22: 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 2010 and 31 December 2009 are as follows:

	Consolidated Entity	
	2010	2009
	$	$
Total borrowings	19,875	36,497
Less cash and cash equivalents	(1,041,945)	(1,359,921)
Net debt	(1,022,070)	(1,323,424)
Total equity	3,149,548	2,084,944
Total capital	2,127,478	761,520
Gearing ratio	Nil	Nil

Note 23: 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 Statement of Financial Position 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 was a one off transaction.

(e) Interest rate risk

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

	Weighted average effective interest rate	Interest bearing	Non-interest bearing	Total	Interest rate risk sensitivity			
					-20%		+20%	
					Profit	Equity	Profit	Equity
	%	$	$	$	$	$	$	$
2010 Consolidated								
Financial assets	-	-	-	-	-	-	-	-
Cash and cash equivalents	3.75	1,041,945	-	1,041,945	(7,815)	(7,815)	7,815	7,815
Trade and other receivables	-	-	1,293,929	1,293,929	-	-	-	-
Totals		**1,041,945**	**1,293,929**	**2,335,874**	**(7,815)**	**(7,815)**	**7,815**	**7,815**
Financial liabilities								
Trade and other payables	-	-	990,058	990,058	-	-	-	-
Borrowings	8.00	19,875	-	19,875	318	318	(318)	(318)
Totals		**19,875**	**990,058**	**1,009,933**	**318**	**318**	**(318)**	**(318)**
2009 Consolidated								
Financial assets								
Cash and cash equivalents	2.57	1,359,921	-	1,359,921	(6,990)	(6,990)	6,990	6,990
Other financial assets	-	-	1,195,532	1,195,532	-	-	-	-
Totals		**1,359,921**	**1,195,532**	**2,555,453**	**(6,990)**	**(6,990)**	**6,990**	**6,990**
Financial liabilities								
Trade and other payables	-	-	639,040	639,040	-	-	-	-
Borrowings	8.00	36,497	-	36,497	584	584	(584)	(584)
Totals		**36,497**	**639,040**	**675,537**	**584**	**584**	**(584)**	**(584)**

(f) 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 2010, 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	
	2010	2009
	$	$
Change in Profit (Loss)		
-Increase in interest rate by 20%	7,497	6,406
-Decrease in interest rate by 20%	(7,497)	(6,406)
Change in Equity		
-Increase in interest rate by 20%	7,497	6,406
-Decrease in interest rate by 20%	(7,497)	(6,406)

(g) 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 Statement of Financial Position and notes to the financial statements.

The Consolidated Entity 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 2010.

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

(h) Foreign Currency Risk

Exposure to foreign exchange risk may result in the fair value or future cash flows of a financial instrument fluctuating due to movement in foreign exchange rates of currencies in which the Group holds financial instruments which are other than the AUD functional currency of the Group.

With instruments being held by overseas operations, fluctuations in US Dollar may impact on the Group's financial results unless those exposures are appropriately hedged.

It is the Group's policy that hedging, as a percentage of net foreign exchange rate exposure, be maintained within FRMC established limits. There are further controls around the cumulative amount of hedging that can be undertaken within any 30-day period to avoid pricing concentration risk.

The functional currency of the Group in year 2010 (2009) is Australian Dollars.

The following table shows the foreign currency risk on the financial assets and liabilities of the Group's operations, denominated in currencies other than the functional currency of the operations as at 31 December 2010.

2010

Consolidated Entity	USD	AUD	Total AUD
US Dollar	(29,076)	(31,577)	(31,577)
Balance sheet exposure	**(29,076)**	**(31,577)**	**(31,577)**

2009

Consolidated Entity	USD	AUD	Total AUD
US Dollar	287,501	312,875	312,875
Balance sheet exposure	**287,501**	**312,875**	**312,875**

(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	
	2010	**2009**
Payables	**$**	**$**
Less than 6 months	990,058	584,523
6 to 12 months	18,272	16,622
1 to 5 years	1,603	19,875
Total	**1,009,933**	**621,020**

(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 24: Economic Dependence

A significant portion of the goods purchased for the running of the business is obtained from Suntech Power Co. Ltd.

Note 25: 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
Neil Bourne	Non-Executive Director	Appointed 14 February 2007
John Zhang	Executive Director	Appointed 6 April 2009

(a) Key Management Personnel Compensation

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

Note 25: Key Management Personnel Disclosures Management (Cont'd)

(b) Key Management Personnel Option Details

Details of key management personnel option details are included in the remuneration report section of the Directors' report.

(c) Related Party Transactions

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Transactions with Related Parties

		Consolidated Entity	
		2010	**2009**
		$	**$**
(i)	**Directors**	-	-
(ii)	**Director-Related Entities**		
	First Canton (Aust) Pty Ltd, a company of which Mr Raymond Seeto is a director and over which he has significant influence		
	- consulting services	-	41,667

Note 26: Details of Controlled Entities

	Country of incorporation	Percentage owned	
		2010	**2009**
Parent Entity		**%**	**%**
AFT Corporation Limited	Australia		
Subsidiaries			
Microgenix Australasia Pty Limited	Australia	100	100
OCTIP Ltd	United Kingdom	50	50
Artemis Building Systems Pty Ltd	Australia	100	100
AFT Logistics Pty Ltd	Australia	100	100
ABS Green Solutions Pty Ltd	Australia	100	-

Note 27: Subsequent Events after Balance Sheet Date

On 26 February 2010, a new subsidiary, Artemis Building Systems Green Solutions Pty Ltd was incorporated. AFT Corporation Limited holds a 100% shareholding of this entity by the end of 31 December 2010

Note 28: 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 Group is managed primarily on the basis of product category and service offerings since the diversification of the Group's operations inherently have notably different risk profiles and performance assessment criteria. Operating segments are therefore determined on the same basis.

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics and are also similar with respect to the following:

- The Solar Panel Photovoltaic Business
- Licence Income
- Management services

Basis of accounting for purposes of reporting by operating segments

Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board of Directors as the chief decision maker with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

Segment assets

Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of economic value from the asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

Unless indicated otherwise in the segment assets note, investments in financial assets, deferred tax assets and intangible assets have not been allocated to operating segments.

Segment liabilities

Liabilities are allocated to segments where there is direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables and certain direct borrowings.

Comparative information

This is the first reporting period in which AASB 8: Operating Segments has been adopted. Comparative information has been stated to conform to the requirements of the Standard.

Segment Results

The revenues and profit/loss generated by each of the segment are summarised as follows:

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010

	Solar panel PV business		License		Service		Total	
	31 Dec 2010	31 Dec 2009	31 Dec 2010	31 Dec 2009	31 Dec 2010	31 Dec 2009	31 Dec 2010	31 Dec 2009
REVENUE								
Revenue from external customers	14,136,352	7,339,626	500	-	-	16,107	**14,136,852**	**7,355,733**
Interest and Other income	31,023	13,539	39,005	-	-	21,427	**70,028**	**34,966**
Total Revenue	14,167,375	7,353,165	39,505	-	-	37,534	**14,206,880**	**7,390,699**
RESULT								
Segment operating profit/(loss)	2,388,745	1,091,850	(1,383,729)	(423,237)	(692)	(1,087,290)	**1,004,324**	**(418,677)**
Profit/(loss) before income tax	2,388,745	1,091,850	(1,383,729)	(423,237)	(692)	(1,087,290)	**1,004,324**	**(418,677)**
Income tax expenses	-	-	-	-	-	-	**-**	**-**
Profit/(loss) after income tax	2,388,745	1,091,850	(1,383,729)	(423,237)	(692)	(1,087,290)	**1,004,324**	**(418,677)**
ASSETS								
Segment Assets	3,298,968	1,505,625	897,429	-	7,310	1,286,839	**4,203,707**	**2,792,464**
Total Assets	3,298,968	1,505,625	897,429	-	7,310	1,286,839	**4,203,707**	**2,792,464**
LIABILITIES								
Segment Liabilities	729,965	533,847	291,952	-	32,241	173,673	**1,054,159**	**707,520**
Total Liabilities	729,965	533,847	291,952	-	32,241	173,673	**1,054,159**	**707,520**
Additional Assets								
Office Equipments	211	1,644	6,652	-	-	818	**6,863**	**2,462**
Fittings & Fixtures	-	-	2,236	1,782	-	-	**2,236**	**1,782**
Total additional Assets	211	1,644	8,888	1,782	-	818	**9,099**	**4,244**

Note 29: Notes to the Statement of Cash Flows

(a) Reconciliation of cash and cash equivalents

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

	Consolidated Entity	
	2010	2009
	$	$
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 statement of financial position:		
Cash and cash equivalents	1,041,945	1,359,921
	1,041,945	1,359,921

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

	Consolidated Entity	
	2010	2009
	$	$
Operating Profit (loss) after tax	1,004,324	(418,677)
Depreciation and amortisation expense	18,121	17,032
Impairment loss	50,000	-
Foreign Exchange (gain)/ loss	10,947	-
Share-based payment expense	49,333	75,897
Share expenses	-	58,334
Intangible written off	-	423,237
(Increase)/ Decrease in receivables	(103,395)	(1,175,624)
(Increase) in inventories	(1,656,308)	(89,122)
(Increase)/decrease in prepayments	(28,536)	(5,000)
Increase/(decrease) in creditors	351,017	337,789
(Decrease) in accruals	-	-
Increase/(decrease) in provisions	12,243	3,231
Net cash used in operating activities	292,254	(772,903)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010

Note 30: Parent Entity

(a) Summary of Statement of Comprehensive Income

	2010	2009
	$	$
Profit / (loss) for the year	(1,383,729)	(1,412,610)
Other comprehensive income/(loss)	-	(9,570)
Total comprehensive income/(loss) for the year	**(1,383,729)**	**(1,422,180)**

(b) Summary of Statement of Financial Position

	2010	2009
	$	$
Assets		
Current assets	812,082	1,137,730
Non-current assets	85,550	160,286
Total assets	**897,632**	**1,298,016**
Liabilities		
Current liabilities	1,076,339	138,184
Non-current liabilities	6,162	19,875
Total liabilities	**1,082,501**	**158,059**
Net assets	**(184,869)**	**1,139,597**
EQUITY		
Issued capital	103,126,740	103,126,740
Reserves	188,499	129,596
Retained earnings	(103,500,108)	(102,116,379)
TOTAL EQUITY	**(184,869)**	**1,139,957**

Note 31: Company Details

The registered office of the Company is:

Suite 104, Level 1, 6-12 Atchison Street,

St Leonards, New South Wales 2065

The principal places of business are:

Suite 104, Level 1, 6-12 Atchison Street,

St Leonards, New South Wales 2065

DIRECTORS' DECLARATION

The Directors of AFT Corporation Limited declare that:

1. the financial statements and notes, as set out on page 21 to page 47 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 Consolidated Entity's financial position as at 31 December 2010 and of its performance for the year ended on that date;
   (c) complies with International Financial Reporting Standards as disclosed in Note 1;
2. the Managing Director has declared that:
   (a) the financial records of the Company and Consolidated Entity 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 Consolidated Entity will be able to pay its debts as and when they become due and payable.

The Company and a wholly-owned subsidiary, AFT Corporation Listed Public Limited, have entered into a deed of cross guarantee under which the company and its subsidiary guarantee the debts of each other.

At the date of this declaration, there are reasonable grounds to believe that the companies which are party to this deed of cross guarantee will be able to meet any obligations or liabilities to which they are, or may become subject to, by virtue of the deed.

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

John Zhang
Director

Sydney, New South Wales
Date: 4 March 2011

Grant Thornton

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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 consolidated statement of financial position as at 31 December 2010, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes to the financial report 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 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 are 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. The Directors also state, in the notes to the financial report, 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 which require us to 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.

Grant Thornton

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 Company'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 Company'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 opinion.

Independence
In conducting our audit, we have complied with the 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 consolidated entity's financial position as at 31 December 2010 and of its 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 the notes to the financial statements.

Report on the remuneration report
We have audited the remuneration report included in pages 15 to 16 of the directors' report for the year ended 31 December 2010. 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.

Grant Thornton

Auditor's opinion on the remuneration report

In our opinion, the remuneration report of AFT Corporation Limited for the year ended 31 December 2010, complies with section 300A of the Corporations Act 2001.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

C F Farley
Director - Audit & Assurance

Sydney, 4 March 2011

SHAREHOLDER INFORMATION

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

1. Statement of issued capital at 31 January 2011

Range	Total Holders	Units	% Issued Capital
1 - 1,000	121	78,421	0.001
1,001 - 5,000	225	628,951	0.010
5,001 - 10,000	121	942,149	0.016
10,001 – 100,000	356	14,621,783	0.238
100,000 or more	1,624	6,131,256,708	99.735
Total	**2,447**	**6,148,528,012**	**100.000**

2. Top 20 Holders of Ordinary Shares as at 31 January 2011

Rank	Name	Number of Shares	% Issued Capital
1.	MR STONE HONG WANG	528,991,840	8.604
2.	MR GE WANG	395,049,780	6.425
3.	MR KUN SUM SHEA	300,780,440	4.892
4.	MR JIAN XIN CHAN	300,000,000	4.879
5.	MS CHONG KWAN	300,000,000	4.879
6.	MR SHAOHUA LIANG	300,000,000	4.879
7.	OXFORD INTERNATIONAL CAPITAL LIMITED	300,000,000	4.879
8.	MR JING WANG	200,780,440	3.266
9.	MR JAMES LEUNG & MS CHRISTINE CHUI WAH CHEUNG	200,000,000	3.253
10.	MR ZHANG XIAO MING	200,000,000	3.253
11.	TECHSUCCESS LIMITED WOLFELANDS	177,430,681	2.886
12.	PHILLIP SECURITIES (HONG KONG) LTD <CLIENT A/C>	132,450,965	2.154
13.	MS PEIWEN PEGGY LU	84,413,500	1.373
14.	MR ELISARDO FONTAN	64,845,391	1.055
15.	MR ROBERT H GREENFIELD & MRS PATRICIA GREENFIELD <GREENFIELD SUPER FUND A/C	60,000,000	0.976
16.	BRIGHT LUCK INVESTMENT	58,333,310	0.949
17.	MR ANDREW SEDLEY BODY & MRS LUCIE ANN BODY <A & L BODY S/F A/C>	55,200,000	0.898
18.	MR JOHN LONGO	50,597,897	0.823
19.	MRS LYNETTE JOYCE MACKAY & MR JOHN WENSTROM MACKAY <DYNAPLAS P/L S/F A/C>	47,200,002	0.768
20.	MR DAVID SEN JEE MS JANET JULIANA LEE	42,121,888	0.685
	Total	**3,798,196,134**	**61.774**

SHAREHOLDER INFORMATION

3. Unmarketable Parcels

The number of shareholders with unmarketable parcels is 1410.

4. Subtantial Holders

The names of the substantial shareholders as at 31 January 2011 are

Name	Number of shares
MR STONE HONG WANG	528,991,840
MR GE WANG	395,049,780
MR KUN SUM SHEA	300,780,440
MR JIAN XIN CHAN	300,000,000
MS CHONG KWAN	300,000,000
MR SHAOHUA LIANG	300,000,000
OXFORD INTERNATIONAL CAPITAL LIMITED	300,000,000
MR JING WANG	200,780,440

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.