

AFT CORPORATION LIMITED
And Controlled Entities
ABN 33 004 701 062

Annual Report
For the Financial Year
Ended 31 December 2015

AFT CORPORATION LIMITED - ABN 33 004 701 062

and Controlled Entities

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AFT CORPORATION LIMITED - ABN 33 004 701 062

and Controlled Entities

CORPORATE INFORMATION

Directors:	Stone Wang – Executive Director John Zhang – Non Executive Director Neil Bourne – Executive Director
Secretary:	Maurice Watson
Registered Office:	Unit 7, 6-8 Herbert St, St Leonards, New South Wales 2065
Auditors:	Hayes Knight (NSW) Pty Ltd Level 2, 115 Pitt St 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:	Juris Bridge Suite 1104, Level 11 265 Castlereagh Street Sydney, NSW, 2000

EXECUTIVE DIRECTOR'S REVIEW

The Year In Perspective

Dear Shareholders,

Performance for 2015 was disappointing with a 54% reduction in our revenues down to \$1.2 million as a result of streamlining non-performing regional operations in our AES business.

AES is AFT's main business division and during 2015, AES was re-organised to focus on delivering repeatable sales of large scale commercial solar PV systems (typically in the 20kW to 100kW range).

During 2015 AES concentrated its sales effort to secure reference sites and case studies with specific customer groups program such as private schools and multi-location businesses. Targeted sales campaigns conducted during the year focussing on these segment delivered a stronger project pipeline for 2016.

In terms of the broader market for Solar PV, we believe that 2015 will prove to be a historic watershed in the development of the renewable energy sector. The announcement of a new agreement on emission by the United States and China in November 2014 followed by Paris Climate Conference accord announced in December 2015 appears to have reignited international ambitions for more action to accelerate the decarbonisation of developed and emerging economies. Following a period of tepid political support for climate action that destabilised the Australia renewable energy sector, the solar PV industry is now looking forward to a sustained period of growth driven by the combination of stable incentive programs, on-going cost reductions and the introduction of new battery solutions.

The Future

Management believes that its AES Solar PV business is positioned for steady growth.

In addition, AFT continues to search for new investment and acquisition opportunities in areas complementary to its current AES business

I would like to ask all shareholders for their support and assistance in rebuilding fortunes of AFT Corporation Ltd during 2016.

Yours sincerely,



Neil Bourne

Managing Director

CORPORATE GOVERNANCE STATEMENT

The Board is committed to achieving and demonstrating the highest standards of corporate governance. As such, AFT Corporation Ltd and its Controlled Entities ('the Group') have adopted a corporate governance framework and practices to ensure they meet the interests of shareholders.

The Group complies with the Australian Securities Exchange Corporate Governance Council's Corporate Governance Principles and Recommendations with 2010 Amendments ('the ASX Principles'). This statement incorporates the disclosures required by the ASX Principles under the headings of the seven (7) core principles. All of these practices, unless otherwise stated, were in place for the full reporting period.

Principle 1: Lay solid foundations for management and oversight

Functions of the Board and Management

The Board of Directors is responsible for the corporate governance of the Group. To ensure that the Board is well equipped to discharge its responsibilities it has established guidelines for the nomination and selection of Directors and for the operation of the Board. These responsibilities include:

- setting the strategy for the Group, including operational and financial objectives and ensuring that there are sufficient resources for this strategy to be achieved
- appointing and, where appropriate, removing the Chief Executive Officer ('CEO'), approving other key executive appointments and planning for executive succession
- overseeing and evaluating the performance of the CEO and the Executive Team through a formal performance appraisal process having regard to the Group's business strategies and objectives
- monitoring compliance with legal, regulatory and occupational health and safety requirements and standards
- overseeing the identification of key risks faced by the Group and the implementation of an appropriate internal control framework to ensure those risks are managed to an acceptable level
- approving the Group's budgets, including operational and capital budgets, and the approval of significant acquisitions, expenditures or divestitures
- approval of the annual and half-yearly financial reports; and
- ensuring the market and shareholders are fully informed of material developments.

The responsibility for the operation and administration of the Group is delegated by the Board to the Chief Executive Officer ('CEO') and the Executive Management Team. The Board ensures that both the Managing Director ('MD') and Executive Team, including the CEO, are appropriately qualified and experienced to discharge their responsibilities and, as discussed above, has in place procedures to monitor and assess their performance.

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 Group.

Prior to a candidate being considered for appointment as a director of the Company, appropriate enquiries will be made as to the person's character, experience, education, criminal record and bankruptcy history. Shareholders are provided with relevant information on any directors standing for re-election at a general meeting of the Company, including relevant qualifications and experience.

Each director has an agreement in writing with the Company, which sets out the key terms and conditions of their appointment including their duties, rights and responsibilities. Each Director has the right of access to all relevant information in the Group in addition to access to the Group's executives. Each Director also has the right to seek independent professional advice subject to prior consultation with, and approval from, the Board. This advice will be provided at the Group's expense and will be made available to all members of the Board.

The Board is responsible for the appointment and removal of the Company Secretary. The company secretary is accountable to the Board on all matters relating to the proper functioning of the Board.

Diversity Policy

Diversity includes, but is not limited to, gender, age, ethnicity and cultural background. The Company is committed to diversity and recognises the benefits arising from employee and Board diversity and the importance of benefiting from all available talent. The Diversity Policy outlines the requirements for the Board to develop measurable objectives for achieving diversity, and annually assess both the objectives and the progress in achieving those objectives. Accordingly, the Board has developed the following objectives regarding gender diversity and aims to achieve these objectives over

CORPORATE GOVERNANCE STATEMENT

the next few years as Director and Senior Executive positions become vacant and appropriately qualified candidates become available:

Gender Diversity Objective	2015		2016	
	No.	%	No.	%
Women on the Board	0	0	0	0
Women in Senior Management Roles	1	33	1	33
Women employees in the Company	1	12	2	22

Directors' performance evaluation

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 for 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.

Senior Executive performance evaluation

The Board reviews the performance of the MD and Executive Team. Performance is measured against a set of key performance indicators which have been established with reference to the Group's strategy and the individual's responsibilities.

Principle 2: Structure the Board to add value**Board composition**

Individual details of the Directors, including period in office, qualifications, experience and skills are set out in the information on Directors section of the Directors' Report.

The Board's composition is determined with regard to the following criteria:

- independent Non-Executive Director who is also the Chairman
- a majority of Directors having extensive experience in the industries that the Group operates in, with those that do not, having extensive experience in significant aspects of financial reporting and risk management
- re-election of one third of the Directors at least annually at the Annual General Meeting (except for the Managing Director and Chief Executive Officer)
- the size of the Board is appropriate to facilitate effective discussion and efficient decision making

With regards to Director Independence, the Board has adopted specific principles which state that an Independent Director must not be a member of management and must comply with the following criteria:

- not, within the last three (3) years, have been employed in an executive capacity by AFT Group Limited or any other member of the Group
- not be a substantial shareholder or be associated either directly or indirectly with a substantial shareholder
- not, within the last three (3) years, have been a professional advisor to the Group either as a principal, or material consultant, or an employee materially associated with the service provided
- be not a material supplier or customer of the Group or associated either directly or indirectly with a material supplier or customer of the Group; and
- have no material contractual relationship with any Entity within the Group other than in the capacity as a Director.

The Board undertakes an annual review of the extent to which each Non-Executive Director is independent. As part of this review, each Director is required to make an annual declaration stating their compliance with the independence criteria to the Board. As at the date of this report, the Non-Executive Director has submitted his annual declaration to the Board, and the Board is satisfied that he has retained his independence throughout the reporting period.

Under present circumstances, there is not a majority of directors classified as being independent, according to ASX guidelines. Board members should possess complementary business disciplines and experience aligned with the

CORPORATE GOVERNANCE STATEMENT

Company's objectives, with a number of directors being independent and where appropriate, major shareholders being represented on the Board. Where any director has a material personal interest in a matter, the director must declare his interest and is not permitted to be present during discussions or to vote on the matter.

The composition of the Board is considered suitable for the Company's current size and level of operations and includes an appropriate mix of skills, expertise and experience relevant to the Company's current business operations. A Board skills matrix setting out the mix of skills and diversity that the Board aims to achieve will be progressively introduced as the size and level of activities of the Company expands in the future.

Role of the Chairman

The Chairman is responsible for the leadership of the Board. This includes taking responsibility for ensuring that the Board functions effectively and that they comply with the continuous disclosure requirements of the ASX with regard to communicating the operations and activities of the Group to shareholders. The Chairman's responsibilities include:

- setting the agenda for Board meetings
- managing the conduct, frequency and length of Board meetings to ensure that all Directors have had the opportunity to establish a detailed understanding of the issues affecting the Group
- facilitating the Board meetings to ensure effective communication between the Directors and that all Directors have contributed to the decision making process thereby leading to a considered decision being made in the best interest of the Group and its shareholders.

Having regard to the share ownership structure of the Company, it is considered appropriate by the Board that a major shareholder may be represented on the Board and if nominated, hold the position of Chairman. Such appointment would not be deemed to be independent under ASX guidelines. The Chairman is expected to bring independent thought and judgement to his role in all circumstances. Where matters arise in which there is a perceived conflict of interest, the Chairman must declare his interest and abstain from any consideration or voting on the relevant matter.

Nomination and Remuneration Committees

Having regard to the number of members currently comprising the Group's Board, the Board does not consider it appropriate to have a Nomination and Remuneration Committees. Accordingly, the Board oversees the appointment and induction process for Directors and the selection, appointment and succession planning process of the Group's Managing Director and Chief Executive Officer. Executive remuneration and other terms of employment will be reviewed annually by the Board having regard to performance, relevant comparative information and where appropriate, expert advice.

New directors will be provided with an induction including comprehensive briefings with the Chairman and senior executives, visits to operating sites and provision of information on the Company including Company and Board policies and other relevant documents. All directors are expected to maintain the skills required to effectively discharge their obligations to the Company. Directors are encouraged to undertake professional development programmes to develop and maintain the skills and knowledge needed to perform their role as directors of the Company.

Principle 3: Promote ethical and responsible decision making

Code of Conduct

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.

Unethical practices, including fraud, legal and regulatory breaches, and policy breaches are required to be reported on a timely basis to management. Reporting parties are able to do so without fear of reprisal or retribution as their identity and report are kept in the strictest confidence

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.

CORPORATE GOVERNANCE STATEMENT

Principle 4: Safeguard integrity in financial reporting

Audit and Risk Committee

Having regard to the number of members currently comprising the Group's Board, the Board does not consider it appropriate to have an Audit and Risk Committee.

Instead, the Board takes responsibility of the following:

- ensures the integrity of the Group's internal and external financial reporting including compliance with applicable laws and regulations
- ensures that appropriate and effective internal systems and controls are in place to manage the Group's exposure to risk
- oversees the appointment, compensation, retention and oversight of the external auditor, and review of any non-audit services provided by the external auditor; and
- regularly reviews the performance of the external auditor regarding quality, costs and independence.

Corporate Reporting

The chief executive officer (or equivalent) provide a declaration to the Board that the Company's external financial reports present a true and fair view of the Company's financial condition and operational results and that the declaration in relation to the integrity of the Company's external financial reports is founded on sound risk management and internal control systems and that those systems are operating effectively in relation to financial reporting risks.

Principle 5: Make timely and balanced disclosure

The Group has established policies and procedures to ensure timely and balanced disclosure of all material matters concerning the Group, and ensure that all investors have access to information on the Group's financial performance. This ensures that the Group is compliant with the information disclosure requirements under the ASX Listing Rules.

Matters involving potential market sensitive information must first be reported to the Managing Director either directly or via the Company Secretary. The Managing Director will advise the other Directors if the issue is important enough to warrant the consideration of the full Board. In all cases the appropriate action must be determined and carried out in a timely manner in order for the Group to comply with the Information Disclosure requirements of the ASX.

Once the appropriate course of action has been agreed upon, either the Managing Director or Company Secretary, being the only authorised officers of the Group who are able to disclose such information, will disclose the information to the relevant authorities. Board approval is required for market sensitive information such as financial results, material transactions or upgrading / downgrading financial forecasts. This approval is minuted in the meetings of the Board of Directors.

Principle 6: Respect the rights of shareholders

The Group provides effective communication with shareholders via:

- the Annual Report, including relevant information about the operations of the Group during the year, key financial information, changes in the state of affairs and indications of future developments. The Annual Report can be accessed either through the ASX website or the Company's website
- the half year and full year financial results are announced to the ASX and are available to shareholders via the company's websites
- All announcements made to the market and related information (including presentations to investors and information provided to analysts or the media during briefings), are made available to all shareholders under the investor information section of the company's website after they have been released to the ASX
- detailed notices of shareholder meetings are sent to all shareholders in advance of the meeting; and
- shareholding and dividend payment details are available through the Group's share register, Boardroom Pty Ltd.

The Board has adopted a policy covering arrangements to promote communications with shareholders and to encourage effective participation at general meetings. The Company and the share registry offer mechanisms for electronic communication by shareholders.

CORPORATE GOVERNANCE STATEMENT

The Board encourages full participation by shareholders at the Annual General Meeting to ensure a high level of Director accountability to shareholders and shareholder identification with the Group's strategy and goals. Important issues are presented to the shareholders as single resolutions. The shareholders are requested to vote on matters such as the adoption of the Group's remuneration report, the granting of options and shares to Directors and changes to the Constitution.

The external auditor attends the Annual General Meeting to answer any questions concerning the audit of the Group and the contents of the Auditor's Report.

Principle 7: Recognise and manage risk

Risk management framework

AFT Corporation Limited recognises that a robust risk management framework is essential for corporate stability, protecting the interests of its stakeholders and for sustaining its competitive market position and long term performance.

The Company does not have a separate internal audit function as the Board believes that existing internal controls and management systems provide sufficient assurance that the Company's risk management, governance and internal control processes are operating effectively. Operational, financial, legal, compliance and strategic risks are managed as part of the day-to-day management of the Company's affairs with the support of relevant external professional advisers as required.

No separate risk committee has been established. The Board is responsible for the oversight of the Company's risk management and control framework. The following objectives drive the Group's approach to risk management:

- having a culture that is risk aware and supported by high standards of accountability at all levels
- promoting and achieving an integrated risk management approach whereby risk management forms a part of all key organisational processes
- supporting more effective decision making through better understanding and consideration of risk exposures
- increasing shareholder value by protecting and improving share price and earnings per share in the short to medium term while building a sustainable business in the longer term;
- safeguarding the Group's assets
- enabling the Board to fulfil its governance and compliance requirements; and
- supporting the sign off for ASX Principles four and seven by the Chief Executive Officer and Chief Financial Officer.

In achieving effective risk management, AFT Corporation Limited recognises the importance of leadership. As such, the Board and executive management have responsibility for driving and supporting risk management across the Group. Each subsidiary then has responsibility for implementing this approach and adapting it, as appropriate, to its own circumstances.

As the Board currently has responsibility for the monitoring of risk management it has not required a formal report regarding the material risks and whether those risks are managed effectively.

Material risks associated with economic, environmental and social sustainability include operational risks, occupational, health and safety, exchange rate fluctuations, financing and working capital requirements, compliance and regulatory risks. Some of these risks are beyond the Company's direct control and require risk mitigation strategies whilst other risks are directly within the control of the Company and are managed through operational and management procedures.

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DIRECTORS' REPORT

The Board of Directors of AFT Corporation Ltd has pleasure in submitting its report together with the financial statements of its consolidated entity, being AFT Corporation Ltd ("the company") and its controlled entities ("the group") for the financial year ended 31 December 2015.

Directors and Company Secretary

The names of directors in office at any time during or since the end of the financial year and until the date of this report are:

Name	Role	
Stone Wang	Executive Director	
John Zhang	Non-Executive Director	
Neil Bourne	Executive Director	(Non-Executive Director in the previous year)

Mr Stone Wang 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 directorships in other listed companies and is currently the Chairman of the Group.

Mr John Zhang 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 directorships in listed companies.

Mr Neil Bourne holds a Masters in Business Administration and Bachelor of Science in Electronic Engineering. Mr Neil Bourne does not hold any 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 18 years.

Unissued Shares Under Options

As at the date of this report , there were no unissued share under options.

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DIRECTORS' REPORT

Directors' Meetings

During the year, there were 4 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	4	4	4
John Zhang	4	4	4
Neil Bourne	4	4	4

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 Activity

The principal activity of the Group during the year was the marketing and sales of solar panel products by Artemis Building Systems Pty Ltd, and supporting new developments with project finance under leasing and energy sale contracts through its subsidiary Artemis Energy Solutions.

There has been no significant change in the nature of this activity during the year.

Operating Results

The result for the financial year ended 31 December 2015 after income tax is a loss of \$1,340,274.

Dividends

Since the end of the previous financial year, no dividends have been paid or declared by the Aft Corporation Limited, and the directors of the Company recommend that no dividends be provided for the year ended 31 December 2015.

Financial Position

The net assets of the Group have decreased by \$ 435,466 from \$1,006,137 in December 2014 to \$ 570,671 in 31 December 2015.

The decrease is largely due to the operating loss of \$1,438,879 and offset with the new capital issued with an amount of \$1,000,000.

Risk Management

Procedures have been established by the Board to ensure the Group'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

The following matters significantly affected the state of affairs of the Group during the financial year:

- The company closed its Lismore office and operation from this office – resulting in reduced turnover and operating costs.

Events Subsequent to Balance Date

1. Since balance date, Mr Stone Wang has stepped down as CEO and is now Executive Chairman and is also acting as a consultant to the company developing cross border corporate development opportunities for AFT in the renewable and clean energy sectors.

Mr Neil Bourne has now moved into an executive director role and has assumed the position as Managing Director of the company.

This has allowed Mr Wang to focus on the development of strategic partnerships for the company and Mr Bourne brings many years of experience in the Technology sector to help grow the clean energy business in Australia.

2. The board has signed a deed of settlement with Mr Philip Hall of England. This matter has been previously disclosed in the financial reports of the company as a contingent liability.

The deed signed with Mr Hall provides a full and final settlement of this matter for a total consideration of \$190,000 which will be paid in monthly instalments over 24 months.

Future Developments

Information relating to future developments has been covered in the Executive Directors review and review of operations.

Environmental Issues

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

Remuneration Report (Audited)

The directors of AFT Corporation Limited present the remuneration report for non-executive directors, executive directors and other key management personnel prepared in accordance with the Corporations Act 2001 and the Corporations Regulations 2001

- a). Principles used to determine the nature and amount of remuneration.

The principles of the Group are:

- To align rewards to business outcomes that deliver value to shareholders.
- To drive a high performance culture by setting challenging objectives and rewarding high performing individuals, and
- To ensure remuneration is competitive in the relevant employment market place to support the attraction, motivation and retention of executive talent.

- b). Use of remuneration consultants.

The company used an independent consultant to determine the salary package of Mr Stone Wang. Mr Wang's contract for a period of 3 years from 1 January 2013, with options to renew for a future 3 years.

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 options. These shares were issued under the Employee Share Based Loan Plan explained on pages 14 to 15.

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DIRECTORS' REPORT

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

2015

Key Management Personnel

	Short-term Benefits	Post- employment Benefits	Share-based Payment	Total	% of remuneration that is performance based
	Cash, salary and Fees	Non-cash benefit	Super- annuation	Options	
	\$	\$	\$	\$	%
Stone Wang	298,006	-	19,595	-	-
Neil Bourne	30,000	-	2,850	-	-
John Zhang	72,726	-	8,452	-	-
Total	400,732	-	30,897	-	-

2014

Key Management Personnel

	Short-term Benefits	Post- employment Benefits	Share-based payment	Total	% of remuneration that is performance based
	Cash, salary and fees	Non-cash benefit	Super- annuation	Options	
	\$	\$	\$	\$	%
Stone Wang	227,731	-	48,279	24,740	-
Neil Bourne	30,000	-	2,812	-	-
John Zhang	97,500	-	8,109	-	-
Total	355,231	-	59,200	24,740	-

DIRECTORS' REPORT

Shares held by Key Management Personnel

The number of ordinary shares in the company during the 2015 reporting period held by each of the Group's Key Management Personnel, including their related parties, is set out follow:

<u>Personnel</u>	Balance	
	<u>Start of year</u>	<u>End of year</u>
Stone Wang	973,405,340	973,405,340
Neil Bourne	40,000,000	40,000,000
John Zhang	-	-

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).

DIRECTORS' REPORT

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.

Indemnities given and insurance paid to auditors and officers

During the year, the company paid a premium to insure officers of the Group. The officers of the Group covered by the insurance policy include all directors.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else to cause detriment to the Group.

Details of the amount of the premium paid in respect of the insurance policies is not disclosed as such disclosure is prohibited under the terms of the insurance contract.

The Group has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify any current or former officer or auditor of the Group against a liability incurred as such by an officer or auditor.

DIRECTORS' REPORT

Proceedings on Behalf of the Company

No person has applied for leave of court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of the proceedings. The company was not a party to any such proceeding during the year.

Non-audit Services

The Board of Directors is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporation Act 2001.

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.



Neil Bourne

Managing Director

Sydney, New South Wales

Date: 30 March 2016



AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

To the Directors of AFT Corporation Limited

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2015, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.



Pran Rathod - Director Audit Services
Registered Company Auditor



Hayes Knight (NSW) Pty Ltd

Dated at Sydney, this 31st day of March 2016

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

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015**

		Consolidated Entity	
	Note	2015	2014
		\$	\$
Revenue	2	1,242,752	2,660,452
Other Income	2	177,366	206,311
Subtotal		1,420,118	2,866,763
Raw Materials/Consumables Used	3	(558,486)	(1,957,116)
Occupancy & Administration Expenses		(278,509)	(317,298)
Audit & Accounting Fees		(134,369)	(129,003)
Finance Costs	3	(88,928)	(141,642)
Salaries and Wages		(659,994)	(870,232)
Consulting Expenses		(9,507)	(90,474)
Directors' Remuneration		(421,614)	(573,817)
Depreciation and Amortisation Expenses	3	(15,511)	(17,149)
Professional fee		(190,000)	-
Other Expenses		(502,079)	(521,209)
(Loss) Before Income Tax		(1,438,879)	(1,751,177)
Income Tax Expense	4	-	-
Net (Loss) from continuing operations		(1,438,879)	(1,751,177)
Other comprehensive income			-
Total comprehensive income for the year		(1,438,879)	(1,751,177)
Total comprehensive income for the year attributed to			
- Members of the parent entity		(1,340,274)	(1,710,879)
- Non-controlling interest		(98,605)	(40,298)
		(1,438,879)	(1,751,177)
Earnings per share			
From continuing operations:	20		
- Basic and diluted (Loss)/earnings per share (cents)		(0.0169)	(0.0244)
- Diluted (loss)/earnings per share		(0.0169)	(0.0244)

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

AFT CORPORATION LIMITED - ABN 33 004 701 062
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CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

		Consolidated Entity	
	Note	2015	2014
		\$	\$
CURRENT ASSETS			
Cash and Cash Equivalents	6	1,811,247	2,524,170
Trade and Other Receivables	7	15,747	759,059
Inventories	8	147,792	517,413
Financial Assets	9	66,906	73,404
Other Assets	10	22,125	49,234
TOTAL CURRENT ASSETS		2,063,817	3,923,280
NON-CURRENT ASSETS			
Other Financial Assets	11	496,856	499,070
Plant and Equipment	12	9,874	25,385
TOTAL NON-CURRENT ASSETS		506,730	524,455
TOTAL ASSETS		2,570,547	4,447,735
CURRENT LIABILITIES			
Trade and Other Payables	13	682,260	722,162
Provisions	16	177,818	215,648
TOTAL CURRENT LIABILITIES		860,078	937,810
NON-CURRENT LIABILITIES			
Trade and other Payables	13	166,250	-
Provisions	16	67,908	63,098
Borrowings	14	905,640	2,440,690
TOTAL NON-CURRENT LIABILITIES		1,139,798	2,503,788
TOTAL LIABILITIES		1,999,876	3,441,598
NET ASSETS		570,671	1,006,137
EQUITY			
Issued Capital	17	105,474,560	104,126,740
Reserves	18	-	344,407
Accumulated Losses		(104,771,243)	(103,430,969)
Parent Interest		703,317	1,040,178
Non-Controlling Interest		(132,646)	(34,041)
TOTAL EQUITY		570,671	1,006,137

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

**AFT CORPORATION LIMITED - ABN 33 004 701 062
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**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Issued Capital	Accumulated losses	Option reserve	Non-Controlling Interest	Total equity
	\$	\$	\$	\$	\$
CONSOLIDATED ENTITY					
At 1 January 2015	104,126,740	(103,430,969)	344,407	(34,041)	1,006,137
Comprehensive Income					
(Loss) for the year	-	(1,340,274)	-	(98,605)	(1,438,879)
New shares issued	1,000,000	-	-	-	1,000,000
Share based payments	-	-	3,413	-	3,413
Option exercised	347,820	-	(347,820)	-	-
At 31 December 2015	105,474,560	(104,771,243)	-	(132,646)	570,671

	Issued Capital	Accumulated losses	Option reserve	Non-Controlling Interest	Total equity
	\$	\$	\$	\$	\$
CONSOLIDATED ENTITY					
At 1 January 2014	103,126,740	(101,720,090)	319,667	6,257	1,732,574
Comprehensive Income					
(Loss) for the year	-	(1,710,879)	-	(40,298)	(1,751,177)
New shares issued	1,000,000	-	-	-	1,000,000
Share based payments	-	-	24,740	-	24,740
At 31 December 2014	104,126,740	(103,430,969)	344,407	(34,041)	1,006,137

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

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2015**

		Consolidated Entity	
	Note	2015	2014
			\$
Cash Flows from Operating Activities			
Receipts from customers		2,144,513	2,624,762
Payments to suppliers and employees		(2,458,598)	(4,319,479)
Interest received	2	89,004	123,454
Finance costs		(200)	(893)
Net cash (used in) operating activities	27(b)	(225,281)	(1,572,156)
Cash Flows from Investing Activities			
Proceeds from investments		2,557	-
Payments for property, plant & equipment		-	(717)
Net cash (used in) investing activities		2,557	(717)
Cash Flows from Financing Activities			
Repayments of borrowings		(840,199)	-
Proceeds from borrowings		-	1,000,000
Proceeds from new shares issued		350,000	1,000,000
Net cash proceed by financing activities		(490,199)	2,000,000
Increase / (Decrease) in cash and cash equivalents		(712,923)	427,127
Cash and cash equivalents at beginning of financial period		2,524,170	2,097,043
Cash and cash equivalents at end of financial period	27(a)	1,811,247	2,524,170

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

**AFT CORPORATION LIMITED - ABN 33 004 701 062
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

Note 1: Summary of Significant Accounting Policies

The financial report includes financial statements for the Consolidated Entity consisting of AFT Corporation Limited and its controlled entities ("The Group"). The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

AFT Corporation Limited is a company limited by shares incorporated & domiciled in Australia.

The financial statements were authorised for issue by the board on _____.

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.

Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

Except for the cash flow, 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.

Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

b. Going Concern

The consolidated financial report has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities as and when they fall due.

The Group held cash as at 31 December 2015 of \$1,811,247. As of the same date, the Group had net assets of \$570,671, The Group had incurred a loss of 1,340,274 for the year ended 31 December 2015 and has been incurring losses for the past 3 years.

The Group has prepared a forecast for the forthcoming year which depicts a loss of approximately \$566,000 and an estimated cash balance of approximately \$1.2 Million at the end of this period based on existing operations.

The Directors are, however, considering a number of initiatives, including new businesses and additional equity raising to improve profitability and cash flows and are confident of achieving such plans. Accordingly, they consider that the going concern basis is appropriate for the preparation of this financial report.

As a result, no adjustments have been made to the financial report relating to recoverability and classification of the carrying value of the assets or the amounts and classification of liabilities that may be necessary should the Group not continue as going concern.

c. Principles of Consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent entity and all of its subsidiaries. Subsidiaries are entities the parent controls.

The parent controls an entity when it is exposed to, or if it has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

A list of subsidiaries is contained in Note 25 to the financial statements.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

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.

**AFT CORPORATION LIMITED - ABN 33 004 701 062
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

All intercompany balances and transactions, including unrealised profits or losses arising from intra-group transactions, have been eliminated in full.

Non-controlling interests, being the equity in subsidiary not attributable, directly or indirectly, to a parent, are reported separately within the equity section of the consolidated statement of financial position and statement of comprehensive income. The non-controlling interests in the net assets comprise their interests at the date of the original business combination and their share of changes in equity since that date.

d. Foreign Currency Translation

The consolidated financial report is presented in Australian dollars, which is also the functional currency of the parent entity.

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. Unrealised exchange gain/loss is recognised in the statement of profit or loss and other comprehensive income.

e. Segment Reporting

The Group operates primarily in Australia in the Solar Panel & LED lighting business.

f. Revenue

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. It is measured by reference to the fair value of the consideration received or receivable excluding sales taxes, rebates and trade discounts. 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.

Hire Purchase Sales

Hire purchase sale is recognised as outright sale. The property in goods passes to the buyer only when the last instalment is paid and the other conditions of the hire purchase agreement are satisfied.

g. Income Taxes

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Current income tax assets and / or liabilities comprise those obligations to, or claims from, the Australian Taxation Office ('ATO') and other fiscal authorities relating to the current or prior reporting periods that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with investments in subsidiaries

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

and joint ventures is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised to the extent that it is probable that they will be able to be utilised against future taxable income, based on the Group's forecast of future operating results which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. Deferred tax liabilities are always provided for in full.

Deferred tax assets and liabilities are offset only when the Group has a right and intention to set off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in profit or loss, except where they relate to items that are recognised in other comprehensive income (such as the revaluation of land) or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

h. Goods and Services Tax

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 cash equivalents 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.

AFT CORPORATION LIMITED - ABN 33 004 701 062
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

k. Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is assigned using the first in first out basis.

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. Plant and Equipment

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

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.

Depreciation is calculated in a straight-line basis over the estimated useful life of over 3-8 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.

Gains or losses arising on the disposal of plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in the statement of profit or loss and other comprehensive income.

m. 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 Group.

n. Provisions

Provisions for product warranties, legal disputes, onerous contracts or other claims are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Group and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain.

No liability is recognised if an outflow of economic resources as a result of present obligation is not probable. Such situations are disclosed as contingent liabilities, unless the outflow of resources is remote in which case no liability is recognised.

o. Employee Benefits

Short-term employee benefits

Short-term employee benefits are benefits, other than termination benefits, that are expected to be settled wholly within twelve (12) months after the end of the period in which the employees render the related service. Examples of such benefits include wages and salaries, non-monetary benefits and accumulating sick leave. Short-term employee benefits are measured at the undiscounted amounts expected to be paid when the liabilities are settled.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

Other long-term employee benefits

The Group's liabilities for annual leave and long service leave are included in other long term benefits as they are not expected to be settled wholly within twelve (12) months after the end of the period in which the employees render the related service. They are measured at the present value of the expected future payments to be made to employees. The expected future payments incorporate anticipated future wage and salary levels, experience of employee departures and periods of service, and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the timing of the estimated future cash outflows. Any re-measurements arising from experience adjustments and changes in assumptions are recognised in profit or loss in the periods in which the changes occur.

The Group presents employee benefit obligations as current liabilities in the statement of financial position if the Group does not have an unconditional right to defer settlement for at least twelve (12) months after the reporting period, irrespective of when the actual settlement is expected to take place.

p. Financial Instruments

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

(i) Financial assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held to maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

(ii) Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designed as at FVTPL. There are no such assets.

(iii) Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loan and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

(iv) Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

(v) Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

(vi) Financial liabilities at FVTPL

Financial liabilities are classified as FVTPL when the financial liability is either held for trading or it is designed as at FVTPL. There are no such financial liabilities.

(vii) Other financial liabilities

Other financial liabilities, including borrowings and trade and other payables, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

(viii) Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

q. 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.

r. 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.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

s. 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.

Key Estimates - Impairment

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group 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 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.

Inventories

Management estimates the net reasonable value of inventories, taking into account the most reliable evidence at each reporting date. The future realisation of these inventories may be affected by future technology or other market driven changes that may reduce future selling prices.

t. Operating Lease

Lease payments under operating leases, where substantially all the risks and benefits remain with the leaser, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortized on a straight – line basis over the life of the lease term.

u. Investments in Associates and joint arrangements

A joint venture is an arrangement that the Group controls jointly with one or more other investors, and over which the Group has rights to a share of the arrangement's net assets rather than direct rights to underlying assets and obligations for underlying liabilities.

A joint arrangement in which the Group has direct rights to underlying assets and obligations for underlying liabilities is classified as a joint operation.

Investments in associates and joint ventures are accounted for using the equity method. Interests in joint operations are accounted for by recognising the Group's assets (including its share of any assets held jointly), its liabilities (including its share of any liabilities incurred jointly), its revenue from the sale of its share of the output arising from the joint operation, its share of the revenue from the sale of the output by the joint operation and its expenses (including its share of any expenses incurred jointly).

Any goodwill or fair value adjustment attributable to the Group's share in the associate or joint venture is not recognised separately and is included in the amount recognised as investment. The carrying amount of the investment in associates and joint ventures is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the associate and joint venture, adjusted where necessary to ensure consistency with the accounting policies of the Group.

Unrealised gains and losses on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in those entities. Where unrealised losses are eliminated, the underlying asset is also tested for impairment

v. Borrowing costs

Borrowing costs are expensed in the period in which they are incurred and reported as financial costs.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

w. New Standards and Interpretations Not Yet Adopted

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective and have not been adopted early by the Group. Management anticipates that all of the relevant pronouncements will be adopted in the Group's accounting policies for the first period after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Group's financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Group's financial statements.

- **AASB 9 – Financial Instruments**
 - AASB 9 introduces new requirements for the classification and measurement of financial assets and liabilities and will be effective for annual reporting period beginning on or after 1 January 2018.
 - When the standard is first adopted for the year ending 31 December 2018, there will be no material impact on the transactions and balances recognised in the financial statements.
- **AASB 15 Revenue from contracts with customers**
 - Replaces AASB 118 Revenue, AASB 111 Construction Contracts and some revenue-related Interpretations:
 - Establishes a new revenue recognition model
 - Changes the basis for deciding whether revenue is to be recognised over time or at a point in time
 - Provides new and more detailed guidance on specific topics (e.g. multiple element arrangement, variable pricing, rights of return, warranties and licensing)
 - Expands and improves disclosures about revenue
 - When this standard is first adopted for the year ending 31 December 2018, there will be no material impact on the transactions and balances recognised in the financial statements.
- **AASB 2014 (AASB 2014-3 Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations)**
 - The amendments to AASB 11 state that an acquirer of an interest in a joint operation in which the activity of the joint operation constitutes a 'business', as defined in AASB 3 Business Combinations, should:
 - Apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except principles that conflict with the guidance of AASB 11. This requirement also applies to the acquisition of additional interests in an existing joint operation that results in the acquirer retaining joint control of the joint operation (note that this requirement applies to additional interests only, i.e., the existing interests is not remeasured) and to the formation of a joint operation when an existing business is contributed to the joint operation by one of the parties that participate in the joint operation; and
 - Provide disclosure for business combinations as required by AASB 3 and other Australian Accounting Standards.
 - When these amendments are first adopted for the year ending 31 December 2016, there will be no material impact on the transactions and balances recognised in the financial statements.

Adoption of New Accounting Standards and Interpretations

The Group has adopted all new and amended Australian Accounting Standards and Interpretations which are effective from 1 January 2015. The adoption did not result in any significant changes to the Group's accounting policies or disclosures.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

Note	2015	2014
Note 2: Revenues	\$	\$
Sale of goods and services	1,242,752	2,660,452
Other Income		
Interest received	89,004	123,453
Other	88,362	82,858
Total other revenue	177,366	206,311
Total revenues	1,420,118	2,866,763

Note 3: Expenses

Interest – other borrowings	88,928	141,642
Cost of sales	558,486	1,957,116
Other Expenses include:		
- Bad and Doubtful Debts	128,069	-
- Rental expenses	79,173	77,130
Depreciation and amortisation expenses:		
- plant and equipment	15,511	17,149

Note 4: Income Tax Expense

No income tax is payable by the Parent Company or any Subsidiary Company within the Group 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 utilised and will only be obtained if:

- (a) the relevant company derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deduction for the loss to be realised;
- (b) the relevant company 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.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

Note 4 : Income Tax Expense (Con't.....)

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

	2015	2014
	\$	\$
(Loss)before income tax	(1,438,879)	(1,751,177)
At the Group's statutory income tax rate of 30%	(431,663)	(525,353)
Tax losses not booked	431,663	525,353
Income tax expense reported	-	-

Tax losses

The Group has tax losses of approximately \$17,169,495 for which no deferred tax asset has been recognised in the Statement of Financial Position on the basis of, at this stage it is not being considered probable that these losses will be utilised.

	2015	2014
	\$	\$
Note 5: Auditors' Remuneration		
Auditor of the parent entity		
Auditing or reviewing the financial report	37,803	30,679
	37,803	30,679

Note 6: Cash and Cash Equivalents

Cash at bank	1,811,247	2,524,170
	1,811,247	2,524,170

Note 7: Trade and Other Receivables

Current

Trade and other receivables	15,747	759,059
	15,747	759,059

All amounts are short-term. The net carrying value of trade receivables is considered a reasonable approximation of fair value.

Collectability of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the entity will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 90 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

AFT CORPORATION LIMITED - ABN 33 004 701 062
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

	2015	2014
	\$	\$
Note 8: Inventories		
At cost		
Finished goods	147,792	517,413
	<u>147,792</u>	<u>517,413</u>
Note 9: Financial Assets(Current)		
Commercial HP Receivable	93,682	106,182
Unearned Interest Revenue	(26,776)	(32,778)
	<u>66,906</u>	<u>73,404</u>
Note 10: Other Assets		
Prepayment	37	27,146
Loan to related entities (Unsecured)	22,088	22,088
	<u>22,125</u>	<u>49,234</u>
Note 11: Financial Assets(Non-current)		
Due from other entities	3,550	9,652
Commercial HP Receivable	620,413	557,163
Unearned Interest Revenue	(197,697)	(182,065)
Investments accounted for using equity method		
Investments in other companies:		
GA (HK) – holding 33% shares	-	4,730
GA (Guangzhou) – holding 49% shares	70,590	109,590
(These entities have not yet commenced trading)		
Total non-current investments	<u>496,856</u>	<u>499,070</u>

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

Note 12: Plant And Equipment

Plant and equipment

- at cost	148,145	148,145
- accumulated depreciation	(138,271)	(122,760)
	<u>9,874</u>	<u>25,385</u>

Movements in Carrying Amounts

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

	2015	2014
	\$	\$
Balance at the beginning of the period	25,385	41,817
Additions	-	717
Depreciation expense	(15,511)	(17,149)
Carrying amount at the end of the period	<u>9,874</u>	<u>25,385</u>

Note 13: Trade and Other Payables

Current

Trade payables	149,755	472,408
Other payables	257,731	96,147
Accrued expenses	256,774	153,607
	<u>682,260</u>	<u>722,162</u>

Non-Current

Other Payables	<u>166,250</u>	<u>-</u>
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All amounts are short term. The carrying value of trade and other payables are considered to be a reasonable estimation of fair value.

Note 14: Borrowings

Non-current

Borrowings (unsecured)	<u>905,640</u>	<u>2,440,690</u>
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Advance loan \$905,640 from Ms Jing Yun Yang to Artemis Energy Solutions Pty Ltd is unsecured, repayable at end of 2 years in 2017. The loan amount of \$700,000 is subject to 5% pa interest rate and the accrued interest expense is \$102,000 as at 31 December 2015.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

Note 15: Commitments

(a) Lease

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

	2015	2014
	\$	\$
Payable - not later than 12 months	85,908	84,564
- between 12 months and 5 years	21,477	105,705
- greater than 5 years	-	-
	<u>107,385</u>	<u>190,269</u>

(b) Capital Expenditure

There is no capital expenditure commitment at balance date.

	2015	2014
	\$	\$
Note 16: Provisions		
Current		
Annual Leave	147,818	175,648
Legal fee	30,000	40,000
	<u>177,818</u>	<u>215,648</u>
Non-Current		
Long Service Leave	<u>67,908</u>	<u>63,098</u>
At the beginning of the period	278,746	170,686
Additional AL provisions made /(used)	(27,830)	48,366
Additional legal fee provisions made /(used)	(10,000)	40,000
Additional LSL provisions made	4,810	19,694
Carrying at the end of the period	<u>245,726</u>	<u>278,746</u>

	2015	2014
	\$	\$
Note 17: Issued Capital		
Issued and paid-up capital		
8,508,528,009 issued and fully paid ordinary shares (7,148,528,012 : 2014)	<u>105,474,560</u>	<u>104,126,740</u>
Ordinary shares		
At the beginning of reporting period	104,126,740	103,126,740
New share issued and exercised	1,347,820	1,000,000
At reporting date	<u>105,474,560</u>	<u>104,126,740</u>

The company has authorised share capital amounting relating to 8,508,528,009 ordinary shares of no par value.

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

Note 18: Reserves

Option reserve

The option reserve is to record 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 19: Contingent Liabilities

In the opinion of the Directors, the company did not have any contingent liabilities at 31 December 2015.

In the previous year, a contingent liability, indeterminate in amounts, existed in relation to a legal claim.

Note 20: Earnings per Share

Basic and diluted earnings 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:

	2015	2014
	\$	\$
(Loss)	(1,438,879)	(1,751,177)
Earnings used in the calculation of basic and diluted EPS	(1,438,879)	(1,751,177)

**Weighted average number of ordinary and shares
outstanding during the year used in the calculating
diluted EPS**

8,508,528,009	7,148,528,012
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Note 21: 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, 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 has been no change in capital management since the prior year.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

Note 22: 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

Board members 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 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 foreign currency risk, liquidity risk, and credit risk.

The Group is exposed to fluctuations in foreign currencies arising from the purchase of goods and services in currencies other than the Group's measurement currency.

Foreign currency risk - The Group manages this risk by discharging liabilities at favourite foreign exchange rate.

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.

(d) Credit Risk Exposure

The Group'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.

All receivables are from Customers in Australia.

The Group minimises credit risk in relation to trade account receivables and HP receivables by undertaking transactions with organisations such as government instruments which have good credit ratings. The Group 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 2015.

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

(e) 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 is Australian Dollars.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

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 2015.

2015

Consolidated Entity	USD	AUD	Total AUD
US Dollar	-	-	-
Balance sheet exposure	-	-	-

2014

Consolidated Entity	USD	AUD	Total AUD
US Dollar	(234,193)	(287,142)	(287,142)
Balance sheet exposure	(234,193)	(287,142)	(287,142)

The Group has performed sensitivity analysis relating to its exposure to exchange rate 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 2015, the effect on profit and equity as a result of changes in the exchange rate, with all other variables remaining constant would be as follows:

	Consolidated Entity	
	2015	2014
Change in profit	\$	\$
-Increase in exchange rate by 10%	-	28,714
-decrease in exchange rate by 10%	-	(28,714)
Change in equity		
-Increase in exchange rate by 10%	-	28,714
-decrease in exchange rate by 10%	-	(27,714)

(f) Liquidity Risk

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

Contracted maturities of payables year ended 31 December 2015 :

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

(f) Liquidity Risk (Con't....)

	2015	2014
Payables	\$	\$
Less than 6 months	149,755	38,167
6 to 12 months	603,755	683,995
1 to 5 years	1,000,640	2,440,690
Total	1,754,150	3,162,852

(g) 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 23: Economic Dependence

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

Note 24: Key Management Personnel Disclosures

All disclosures in relation to key management personnel have been made in the Directors' Report.

Note 25: Details of Controlled Entities

	Country of Incorporation	Percentage owned	
		2015	2014
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	100
Artemis Energy Solutions	Australia	70	70

Note 26: Subsequent Events after Balance Sheet Date

- Since balance date, Mr Stone Wang has stepped down as CEO and is now Executive Chairman and is also acting as a consultant to the company developing cross border corporate development opportunities for AFT in the renewable and clean energy sectors.

Mr Neil Bourne has now moved into an executive director role and has assumed the position as Managing Director of the company.

This has allowed Mr Wang to focus on the development of strategic partnerships for the company and Mr Bourne brings many years of experience in the Technology sector to help grow the clean energy business in Australia.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

2. The board has signed a deed of settlement with Mr Philip Hall of England. This matter has been previously disclosed in the financial reports of the company as a contingent liability.

The deed signed with Mr Hall provides a full and final settlement of this matter for a total consideration of \$190,000 which will be paid in monthly instalments over 24 months.

Note 27: 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.

	2015	2014
	\$	\$
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	1,811,247	2,524,170

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

Operating (Loss) after tax	(1,438,879)	(1,751,177)
Depreciation and amortisation expense	15,511	17,149
Share-based payment expense	23,329	24,740
Non-cash interest expense	88,729	140,750
Write off overseas investment	41,173	-
Decrease/(Increase) in receivables	702,194	(392,934)
Decrease/(Increase) in inventories	369,621	150,004
Decrease/(Increase) in prepayments	27,109	183,820
Increase/(Decrease) in creditors	(21,046)	(52,569)
Increase/(Decrease) in provisions	(33,022)	108,061
Net cash (used in)/provided by operating activities	(225,281)	(1,572,156)

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

Note 28: Parent Entity

The following information has been extracted from the books and records of the parent and has been prepared accordance with Australian Accounting Standards

(a) Summary of Statement of Comprehensive Income

	2015	2014
	\$	\$
Loss for the year	(1,192,390)	(1,192,005)
Total comprehensive (loss) for the year	(1,192,390)	(1,192,005)

(b) Summary of Statement of Financial Position

Assets

Current assets	55,119	54,293
Non-current assets	84,320	149,446
Total assets	139,439	203,739

Liabilities

Current liabilities	620,966	418,745
Non-current liabilities	3,232,349	3,318,617
Total liabilities	3,853,315	3,737,362

Net liabilities	(3,713,876)	(3,533,623)
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EQUITY

Issued capital	105,474,560	104,126,740
Reserves	-	344,407
Accumulated losses	(109,188,436)	(108,004,770)
TOTAL EQUITY	(3,713,876)	(3,533,623)

(c) Contingencies

- (i) Deed of cross guarantee under which the company and subsidiary guarantee debts of each other.
- (ii) Refer note 19

Note 29: Company Details

The registered office of the Company is:

Unit 7, 6-8 Herbert Street,

St Leonards, New South Wales 2065

The principal places of business are:

Unit 7, 6-8 Herbert Street,

St Leonards, New South Wales 2065

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

DIRECTORS' DECLARATION

The Directors of AFT Corporation Limited declare that:

1. the financial statements and notes, as set out on page 18 to page 40 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 financial position as at 31 December 2015 and of the 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 Controlled Entities for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
 - (b) the financial statements and notes for the financial year comply with Australian Accounting Standards; and
 - (c) the financial statements and notes for the financial year give a true and fair view.
3. in the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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.



Neil Bourne
Managing Director
Sydney, New South Wales

Date: 30 March 2016



INDEPENDENT AUDIT REPORT TO THE MEMBERS OF AFT CORPORATION LIMITED

Report on the Financial Report

We have audited the accompanying financial report of AFT Corporation Limited and Controlled Entities (the Group), which comprises the consolidated statement of financial position as at 31 December 2015, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the Group comprising the company and the entities it controlled at 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 of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB101: Presentation of Financial Statements, that the financial statements comply 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. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

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

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of AFT Corporation Limited a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.



INDEPENDENT AUDIT REPORT TO THE MEMBERS OF AFT CORPORATION LIMITED

Auditor's Opinion

In our opinion:

- (a) the financial report of AFT Corporation Limited and Controlled Entities 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 2015 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note

Emphasis of Matter

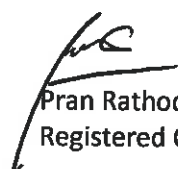
Without modifying our opinion, we draw attention to Note 1 in the financial report which indicates that the entity incurred a net loss of \$1,340,274 during the year ended 31 December 2015 and, as of that date, the entity's net assets were \$570,671. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the entity's ability to continue as a going concern and therefore the entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

Report on the Remuneration Report

We have audited the remuneration report included in the directors' report for the year ended 31 December 2015. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with s 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the remuneration report of AFT Corporation Limited for the year ended 31 December 2015 complies with s 300A of the *Corporations Act 2001*.



Pran Rathod-Director Audit Services
Registered Company Auditor



Hayes Knight (NSW) Pty Ltd

Dated at Sydney, this 31st day of March 2016

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

SHAREHOLDER INFORMATION

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

1. Statement of issued capital at 31 December 2015

Range	Total Holders	Units	% Issued Capital
1 - 1,000	122	77,378	0.001
1,001 - 5,000	225	625,986	0.007
5,001 - 10,000	118	917,149	0.011
10,001 - 100,000	355	14,430,662	0.170
100,000 or more	1,630	8,492,476,834	99.811
Total	2,443	8,508,528,009	100.000

2. Top 20 Holders of Ordinary Shares as at 31 December 2015

Rank	Name	Number of Shares	% Issued Capital
1.	SURPLUS KING CAPITAL RESOURCES LIMITED	1,650,000,000	19.39
2.	MR STONE HONG WANG	651,233,204	7.65
3.	MR GE WANG	380,049,780	4.46
4.	Mr. KAR WAI JOHN CHEUNG	350,000,000	4.11
5.	MS PEIWEN PEGGY LU	322,172,136	3.78
6.	MR KUN SUM SHEA	300,780,440	3.53
7.	MR JIAN XIN CHEN	300,000,000	3.52
8.	MS CHONG KWAN	300,000,000	3.52
9.	MR SHAOHUA LIANG	300,000,000	3.52
10.	OXFORD INTERNATIONAL CAPITAL LIMITED	300,000,000	3.52
11.	MR JING WANG	200,780,440	2.36
12.	MR ZHANG XIAO MING	200,000,000	2.35
13.	TECHSUCCESS LIMITED WOLFELANDS	177,430,681	2.08
14.	PERSHING AUSTRALIA NOMINEES PTY LTD<PHILIP SECURITIES (HK) A/C>	142,976,340	1.68
15.	MR JAMES LEUNG & MS CHRISTINE CHUI WAH CHEUNG	63,687,898	0.74
16.	MR ROBERT H GREENFIELD	60,000,000	0.70
17.	BRIGHT LUCK INVESTMENT	58,333,310	0.68
18.	MRS LYNETTE JOYCE MACKAY & MR JOHN WENSTROM MACKAY <DYNAPLAS P/L S/F A/C>	57,200,001	0.67
19.	MR ANDREW SEDLEY BODY & MRS LUCIE ANN BODY <A & L BODY S/F A/C>	55,200,000	0.64
20.	MR JOHN LONGO	50,597,897	0.59
Total		5,920,442,127	69.58

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

SHAREHOLDER INFORMATION

3. Unmarketable Parcels

The number of shareholders with unmarketable parcels is 1394.

4. Substantial Holders

The names of the substantial shareholders as at 31 December 2015 are

Name	Number of shares
SURPLUS KING CAPITAL RESOURCES LIMITED	1,650,000,000
MR STONE HONG WANG	651,233,204
MR GE WANG	380,049,780
MR KAR WAI JOHN CHEUNG	350,000,000
MS PEIWEN PEGGY LU	322,172,136
MR KUN SUM SHEA	300,780,440
MR JIAN XIN CHEN	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.