



**AFT CORPORATION LTD
AND CONTROLLED ENTITIES**

ABN 33 004 701 062

**INTERIM FINANCIAL REPORT
HALF YEAR ENDED 30 JUNE 2014**

**AFT CORPORATION LTD
AND CONTROLLED ENTITIES
ABN 33 004 701 062**

CONTENTS

Corporate Information	1
Directors' Report	2
Auditor's Independence Declaration	4
Consolidated Statement of Profit and Loss and Other Comprehensive Income	5
Consolidated Statement of Financial Position	6
Consolidated Statement of Changes in Equity	7
Consolidated Statement of Cash Flows	8
Notes to The Consolidated Interim Financial Statements	9
Directors' Declaration	13
Independent Auditor's Review Report	14

**AFT CORPORATION LTD
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ABN 33 004 701 062
CORPORATE INFORMATION**

Directors: Stone Wang – Executive Director
John Zhang – Executive Director
Neil Bourne – Non Executive Director

Secretary: Maurice Watson

Registered Office: Unit 7, 6-8 Herbert St
St Leonards, NSW, 2065
Telephone: 1300 794 907

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

The accompanying notes form part of these financial statements

DIRECTORS REPORT

The Board of Directors of AFT Corporation Ltd has pleasure in submitting its report together with the financial statements of the consolidated entity, being AFT Corporation Ltd and its controlled entities ("the Group") for the half-year ended 30 June 2014.

DIRECTORS

The names of the Directors in office during or since the end of the half-year are:

Name

Stone Wang

John Zhang

Neil Bourne (non-executive)

REVIEW OF OPERATIONS AND FINANCIAL RESULTS

The last 6 months AFT Corporation Ltd has continued with the plan that we outlined to shareholders in the half yearly report for June 2013 and the full year report for December 2013.

AFT has moved from being solely a solar panel distribution business into a broader energy solutions business.

The strategy to broaden to an energy saving solutions business has seen AFT develop the capacity for the design and sale of complete solar power systems and the provision of customer finance to help facilitate the sales process.

AES Lismore, our first regional operation in NSW has generated revenues of almost \$500,000 in the first half of 2014. The board and management team are now working on expanding the gross sales revenue from this regional centre, travelling to regional towns within the north-west area. The company is in the process of establishing another 2 operations in regional Australia.

Further expansion

Shareholders will have been aware through recent releases via the ASX that the board has secured some additional funding to enable the company's expansion plans. This has been in the form of an additional \$1 million in share capital and \$1 million in loan from a Hong Kong company Surplus King Capital Resources Ltd. These funds are to enable AFT Corporation Ltd to initiate the establishment of the next regional business.

As stated in our December 2013 Review of Operations "The short term plan is to establish two additional regional operations based on the AES Lismore successful model over the coming months with the objective of having 10 regional operations by the end of calendar year 2015." This remains the boards objective for the next 16 months However, the funding acquired to date will not be sufficient to enable the company to establish more than one further regional business operation.

DIRECTORS REPORT (CONT.)


The board remains committed to this objective and sourcing the funds necessary has remained one of the primary objectives of the board. The board has been continuing to actively seek this additional funding.

The board has enormous confidence in renewable energy sector, especially solar power solutions. Around the world in major markets such as the US and China there has been a significant growth in the investment in solar power.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration as required under s.307C of the Corporation Act 2001 is included on Page 4 and forms part of this report.

Signed in accordance with a resolution of the Directors.



**John Zhang
Director**

SYDNEY, NSW
29th August 2014

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AUDITORS INDEPENDENCE DECLARATION

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**CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 30 JUNE 2014**

	30 June 2014	30 June 2013
	\$	\$
Revenue	1,043,251	1,179,549
Lease settlement	-	170,000
Other income	51,406	88,537
Interest	36,598	31,109
Change in inventories	(167,737)	(355,372)
Raw materials/consumables used	(619,873)	(704,961)
Finance cost	(35,926)	-
Employee benefit expense	(738,647)	(681,795)
Depreciation	(8,669)	(9,499)
Other expenses	(479,836)	(517,991)
	<hr/>	<hr/>
(Loss) before income benefit	(919,433)	(800,423)
Income tax expense	-	-
	<hr/>	<hr/>
(Loss) for the period from continuing operations	(919,433)	(800,423)
Other Comprehensive Income	-	-
	<hr/>	<hr/>
Total comprehensive income for the period	(919,433)	(800,423)
Total comprehensive income for the period attributable to:		
Members of the parent entity	(881,303)	(783,868)
Non-controlling interest	(38,130)	(16,555)
	<hr/>	<hr/>
(Loss) per share		
Basic (Loss) per share (cents)	(0.012)	(0.013)
Diluted (Loss) per share (cents)	(0.012)	(0.013)
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**AFT CORPORATION LTD
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**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2014**

	Notes	Consolidated	
		30 June 2014 \$	31 December 2013 \$
CURRENT ASSETS			
Cash and cash equivalents		3,417,209	2,097,043
Trade and other current receivables		558,405	658,302
Inventories		499,680	667,417
Financial Assets		29,203	30,239
Other Assets	9	46,524	204,401
TOTAL CURRENT ASSETS		4,551,021	3,657,402
NON-CURRENT ASSETS			
Other Financial Assets		264,565	278,712
Property, plant and equipment		33,864	41,817
TOTAL NON-CURRENT ASSETS		298,429	320,529
TOTAL ASSETS		4,849,450	3,977,931
CURRENT LIABILITIES			
Trade and other payables		499,373	774,731
Short term provisions		143,134	127,282
TOTAL CURRENT LIABILITIES		642,507	902,013
NON-CURRENT LIABILITIES			
Borrowings	10	2,328,690	1,299,940
Provisions		50,612	43,404
TOTAL NON-CURRENT LIABILITIES		2,379,302	1,343,344
TOTAL LIABILITIES		3,021,809	2,245,357
NET ASSETS		1,827,641	1,732,574
EQUITY			
Issued capital	11	104,126,740	103,126,740
Reserves		334,167	319,667
Accumulated losses		(102,601,393)	(101,720,090)
		1,859,514	1,726,317
Minority Interest			
Non-controlling interest		(31,873)	6,257
TOTAL EQUITY		1,827,641	1,732,574

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**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 30 JUNE 2014**

	Issued Capital	Accumulated losses	Reserves Employee Equity Settled benefits reserve	Non- Controlling Interest	Total equity
	\$	\$	\$	\$	\$
At 1 January 2014	103,126,740	(101,720,090)	319,667	6,257	1,732,574
New Share Issue	1,000,000	-	-	-	1,000,000
Share Based Payments	-	-	14,500	-	14,500
Total comprehensive income for the period	-	(881,303)	-	(38,130)	(919,433)
At 30 June 2014	104,126,740	(102,601,393)	334,167	(31,873)	1,827,641

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 30 JUNE 2013**

	Issued Capital	Accumulated losses	Reserves Employee Equity Settled benefits reserve	Non- Controlling Interest	Total equity
	\$	\$	\$	\$	\$
At 1 January 2013	103,126,740	(100,322,848)	267,527	(137)	3,071,282
Share based payment reserve	-	-	29,120	-	29,120
Total comprehensive income for the period	-	(783,868)	-	(16,555)	(800,423)
At 30 June 2013	103,126,740	(101,106,716)	296,647	(16,692)	2,299,979

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**AFT CORPORATION LTD
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**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 30 JUNE 2014**

	Notes	Consolidated	
		30 June 2014 \$	30 June 2013 \$
Cash flows from operating activities			
Receipts from customers		1,367,614	1,860,738
Payments to suppliers, employees and others		(2,076,154)	(2,455,298)
Interest received		36,598	31,109
Interest paid		(7,176)	-
Net cash (used in) operating activities		(679,118)	(563,451)
Cash flows from investing activities			
Purchase of property, plant and equipment		(716)	(980)
Loan advanced		-	(11,088)
Proceeds from share issue		1,000,000	-
Net cash provided by/(used in) investing activities		999,284	(12,068)
Cash flows from financing activities			
Proceeds from borrowings		1,000,000	-
Repayments of borrowings		-	(3,560)
Net cash provided by /(used in) financing activities		1,000,000	(3,560)
Net increase (decrease) in cash and cash equivalents		1,320,166	(579,079)
Cash and cash equivalents at beginning of period		2,097,043	2,246,627
Cash and cash equivalents at end of period		3,417,209	1,667,548

The accompanying notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2014

1. Nature of operations

AFT Corporation Ltd and subsidiaries' (the Group) principle activities include the distribution of solar panel, its associated products and LED products.

2. General Information and basis of preparation

The condensed interim consolidated financial statements (the interim financial statements) of the Group are for the six months ended 30 June 2014 and are presented in Australian dollar (\$), which is the functional currency of the parent company. These general purpose interim financial statements have been prepared in accordance with the requirements of the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*. They do not include all of the information required in annual financial statements in accordance with Australian Accounting Standards, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2013 and any public announcements made by the Group during the half-year in accordance with continuous disclosure requirements arising under the Australian Stock Exchange Listing Rules and the *Corporations Act 2001*.

The interim financial statements have been approved and authorised for issue by the board of directors on 27 August 2014.

3. Significant accounting policies

The interim financial statements have been prepared in accordance with the same accounting policies adopted in the Group's last annual financial statements for the year ended 31 December 2013. The accounting policies have been applied consistently throughout the period for the purposes of these interim financial statements.

4. New and revised Australian Accounting Standards

The Group has adopted all new and revised Australian Accounting Standards and Interpretations that became effective for the first time and those that are relevant to the Group.

The adoption of the new and revised Australian Accounting Standards and Interpretations has had no significant impact on the Group's accounting policies or the amounts reported during the current half-year period.

5. Estimates

When preparing the interim financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

**NOTES TO THE FINANCIAL STATEMENTS (CONT.)
FOR THE HALF-YEAR ENDED 30 JUNE 2014**

The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Group's last annual financial statements for the year ended 31 December 2013.

6. Significant events and transactions

During the period, the Group issued a convertible note of \$1 million, which was converted to shares at a price of \$0.001 each. This funding will be used as additional working capital for the company to continue to advance the company's solar energy products.

The group also obtained a new loan of \$1 million for purposes of developing a portfolio of solar/LED leasing assets (Refer Note 10). The Group will register each and every asset created using this loan to ensure it is a priority creditor for each of these assets.

7. Going Concern

The financial statements have been prepared on a going concern basis. In the opinion of the Directors, based upon a review of the cashflow requirements of the Group's business plan, the operating loss for the year, current cash reserves and planned capital raising, the Group are able to pay their debts as and when they fall due. The Directors are of the opinion that there is no material uncertainty in this regard.

8. Operating Segments

The Group is managed primarily on the basis of combined product category and service offerings.

The Group has therefore determined it has one reportable segment, being sales and service primarily in Australia. Accordingly management reviews the internal reports that are consistent with the information provided in the statement of profit and loss and other comprehensive income, and the statement of financial position, assessing performance and determining the allocation of resources.

As a result, no reconciliation to operating segments is required because the information as presented is used by management to make strategic decisions.

9. Other assets

	30 Jun 2014	31 Dec 2013
	\$	\$
Prepayments	24,436	182,313
Loan to related entities (unsecured)	22,088	22,088
	46,524	204,401

**NOTES TO THE FINANCIAL STATEMENTS (CONT.)
FOR THE HALF-YEAR ENDED 30 JUNE 2014**

10. Borrowings

	30 Jun 2014	31 Dec 2013
	\$	\$
Loan from Ms Jing Yun Yang	1,299,940	1,299,940
Loan from Surplus King Capital Resources Ltd (a)	1,028,750	-
	2,328,690	1,299,940

(a) The loan is unsecured and is subject to interest at 9% per annum, with accrued interest capitalised on the initial loan balances.

11. Share capital

During the period, the number of issued shares increased by 1,000,000,000 as a result of conversion of a convertible note of \$1 million.

12. Earnings per share

Both the basic and diluted earnings per share have been calculated using the loss attributable to shareholders of the Parent Company (AFT Corporation Ltd) as the numerator as follows:

	30 June 2014	30 June 2013
Loss for the period	(919,433)	(800,423)
Earnings used in calculation of basic and diluted EPS	(919,433)	(800,423)
Weighted average number of shares	7,148,528,012	6,148,528,012
EPS-balanced diluted	(0.012) cents	(0.013) cents

13. Contingent Liabilities

- There has been no change in contingent liabilities since the last annual reporting period.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)
FOR THE HALF-YEAR ENDED 30 JUNE 2014

14. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

14.1 Fair Value Hierarchy

AASB 13 requires disclosure of fair value measurements by level of the fair value hierarchy, as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: Inputs for the asset or liability that is not based on observable market data (unobservable inputs)

14.2 Measurement of Fair Value of Financial Instruments

The Group's financial assets and financial liabilities have been measured and recognised at fair value using Level 2 in the above fair value hierarchy. The carrying values of financial assets and financial liabilities at 30 June 2014 and 31 December 2013 approximates the fair values.

15. EVENTS AFTER THE REPORTING DATE

Since balance date, the group has continued to pursue the various product opportunities and funding arrangements as outlined in the Directors' report.

DIRECTORS' DECLARATION

The directors of AFT Corporation Ltd declare that:

1. The consolidated financial statements and notes as set out on pages 5 to 12 are in accordance with the Corporation Act 2001 including:
 - (a) complying with Accounting Standard AASB 134: Interim Financial Reporting;
and
 - (b) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the half-year ended on that date.

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



JOHN ZHANG
Director

29th August 2014