

Appendix 4D Half Year Report

Results for Announcement to the Market

1. Details of reporting period

Current reporting period: 6 months ended 30 June 2020
Previous corresponding reporting period: 6 months ended 30 June 2019

2. Results for announcement to the market

	6 months ended 30 June 2020 \$	6 months ended 30 June 2019 \$	Change %
Revenues from ordinary activities	306,955	662,697	(54%)
(Loss)/profit from ordinary activities after tax attributable to members	(707,011)	21,070	(>100%)
Net (loss)/profit for the period attributable to members	(707,011)	21,070	(>100%)

Commentary on results for the period

Commentary on the above figures is included in the accompanying ASX Announcement and the attached Interim Financial Report for the half year ended 30 June 2020.

3. Net tangible assets per security

	30 June 2020	31 December 2019
Net tangible assets	\$1,567,897	\$2,149,107
Number of shares on issue at reporting date	9,169,533,558	8,994,533,558
Net tangible assets per ordinary security	0.017 cents	0.024 cents

4. Gain or loss of control over entities

On 9 March 2020, the Company subscribed for 1 new share at \$50,000 per share in its 54% owned subsidiary EcoQuip Australia Pty Ltd, increasing its controlling ownership interest to 55% as at 30 June 2020.

5. Dividends

There were no dividends paid during the period and the Company does not propose to pay any dividends.

6. Dividend reinvestment plans

There are no dividend reinvestment plans.

7. Associates and joint ventures

The Company has no associates or joint ventures.

8. Audit / review status

The Interim Financial Report for the half year ended 30 June 2020 has been reviewed and is not subject to dispute or qualification.



VOLT POWER GROUP LIMITED

ABN: 62 009 423 189

INTERIM FINANCIAL REPORT

Half-year ended 30 June 2020

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Corporate Directory

ABN: 62 009 168 094

Directors

Adam Boyd
Simon Higgins
Peter Torre

Company Secretary

Peter Torre

Principal place of business

Level 1, 63 Abernethy Road,
Belmont WA 6104

Registered office

Unit B9, 431 Roberts Rd
Subiaco WA 6008

Share register

Link Market Services Pty Ltd
Level 12
250 St George's Terrace
Perth WA 6000

Auditors

BDO Audit (WA) Pty Ltd
38 Station Street
Subiaco WA 6008

Solicitors

DLA Piper
Level 31
152-158 St George's Terrace
Perth WA 6000

Bankers

Commonwealth Bank of Australia
Corporate Financial Services
Level 14C, 300 Murray Street
Perth WA 6000

ASX Code: VPR

Directors' Report

The directors of the consolidated entity (referred to hereafter as the Group) consisting of Volt Power Group Limited ("Volt" or "the Company") and the entities it controlled at the end of or during the half year ended 30 June 2020, submit their report for the six months ended 30 June 2020.

1. Directors

The names of the Company's directors in office during the half-year and until the date of this report are set out below. Directors were in office for this entire period unless otherwise stated.

S. Higgins – Chairman

A. Boyd – Chief Executive Officer and Managing Director

P. Torre – Non-Executive Director and Company Secretary

2. Corporate and operational review

- This Interim Consolidated Financial Report has been prepared on the basis that Volt and its controlled entities are going concerns for financial reporting purposes.
- In January 2020, the Company moved its operational activities from the ECM office and workshop accommodation that it had occupied since 2017, to office and workshop accommodation occupied by Volt substantial shareholder, GenusPlus Group Pty Ltd (Genus), located in the Perth suburbs of Belmont and Maddington respectively. The provision of this accommodation was gratefully received by the Volt Board. This move is a short/medium term measure and the Company expects to enter into lease arrangements for new accommodation prior to 31 December 2020.

3. Principal activities

The principal activities of the Group during the period were:

ATEN (100% owned)

The ATEN technology achievements during the period comprise:

- The Company's ATEN Technology is a baseload, zero emission waste heat to electricity generation solution that requires no water and operates autonomously without an operating personnel requirement.
- Continued business development activities to communicate the technical, commercial and zero-emission benefits of the "waste heat to power" ATEN Technology to major industrial and resource sector businesses that operate significant power station and/or industrial processes that vent waste heat to atmosphere.
- These discussions have resulted in the completion of preliminary studies for several ATEN installation opportunities. The preliminary study work completed has in all cases confirmed significant cost and technical benefits of the ATEN Technology relative to traditional zero-emission solar and wind battery hybrid installations and the opportunity to reduce operating costs for the potential opportunities the subject of preliminary studies.
- The Company commenced Stage 1 of a two-stage feasibility study after securing the co-operation and engagement of a new potential customer partner. The feasibility study comprises the installation of the ATEN Technology at an existing WA based OCGT power station. Stage 1 of the feasibility study is scheduled for completion on 31 August 2020.
- Further development of the ATEN Technology flowsheet to optimize its performance and compatibility with alternative power generation equipment was completed.
- The ATEN Technology delivers zero emission generation capacity with a lower levelized long term cost of energy relative to:
 - New diesel fueled generation capacity;
 - New gas fueled generation capacity where site delivered gas prices exceed \$3 – 4.50/GJ (subject to heat resource);
 - Solar panel array hybrid generation; and
 - Wind turbine hybrid generation.
- The zero emission, low cost benefits of the ATEN Technology are compelling potential customers with best value focused decision criteria and a continuous operating cost reduction philosophy to further investigate their heat resource opportunities

for ATEN Technology retro-fit. The benefits include:

- Enhanced energy efficiency: ~10 - 20%
 - Lowest cost zero emission generation: ~20 – 40% cheaper than generation equivalent solar hybrid
 - Scope 1 emission reduction: CO₂ abatement
 - Grid stability: Baseload supply for system stability
 - No water consumption: Reduced environmental approval requirements
 - Autonomous operation: No operational personnel required
- The populist view that intermittent solar and wind generation is reliable and low cost provides some initial resistance to the adoption of the ATEN Technology. However, enterprises that apply sound technical and commercial evaluation criteria have engaged the cost and carbon emission reduction opportunity that the ATEN Technology presents and positive discussions are ongoing.
 - The Company filed an Australian Innovation Patent for new incremental design innovations developed during 2019/20 to compliment the Company's existing Patent filings.
 - The Company and Volt substantial shareholder, Genus, have established the scope and structure for the EPC Contract delivery of ATEN installations in Australia (ATEN EPC Alliance). The ATEN EPC Alliance also incorporates the provision of installation estimation services for ATEN feasibility study activities.

Wescone (100% owned)

Wescone salient activities and outcomes during the period comprised:

- Wescone is the owner of the proprietary and unique W300 sample crusher installed extensively in port loading and assay system infrastructure utilized by the global iron industry and metallurgical laboratory sector.
- During 2018, Wescone and its local engineering partners and consultants completed an extensive crusher redesign initiative to develop and manufacture a comprehensively redesigned and updated W300 sample crusher (W300 Series 4). The new W300 Series 4 has a dimensionally identical footprint to previous W300 models. However, the W300 Series 4 components, specifications and capability is substantially changed with a 60% increase in capability to accept dimensionally larger iron ore lump (<80mm) and, inter alia significantly increased wear and drive component tensile strength.
- On 5 August 2020, the Company announced that BHP and Wescone had entered into a 5-year Purchase Service Exchange Contract (BHP Contract). Under the BHP Contract, the BHP Iron Ore business will purchase ~20 new Wescone W300 Series 4 crushers to displace their installed sample crusher fleet at BHP Iron Ore Pilbara located port, mine and metallurgical laboratory infrastructure.
- The BHP Contract also provides for the exclusive provision of service exchange and repair services for all BHP W300 Series 4 crushers for a 5-year period. The Company estimates that the average annual sales revenues generated over the BHP Contract term will be ~\$1.4 million.
- The W300 Series 4 re-design was initiated after the Company became aware of significant performance deficiencies raised by BHP in 2015 and not disclosed to the Company by the Wescone vendor prior to the purchase of Wescone by the Company in January 2018. BHP made Volt aware of the W300-3 & W300/2 sample crusher deficiencies subsequent to the acquisition of Wescone. The cost to the Company of the consequences of BHP's endeavors to identify an alternative sample crusher solution and the development of the W300 Series 4 has been significant and includes lost revenue, a significant commercial management commitment, engineering and development costs.
- BHP advised Volt that it had trialed the Wescone W300 Series 3 crusher ~24 months earlier in 2015/16 and that the trial crusher had catastrophically failed after only 6-weeks operation. BHP also confirmed that it had advised the previous Wescone owner that the Wescone W300 Series 3 crusher was "no longer a technically viable solution" for BHP and that BHP planned to identify an alternative crushing solution to displace all Wescone W300 crushers (BHP Trial).
- During the due diligence period, the Wescone vendor confirmed that Wescone had two years earlier developed the W300 Series 3 and advised its clients that it planned to transition to sole supply of the Wescone W300 Series 3. At the time, the BHP relationship generated ~50% of total Wescone revenues. No information was disclosed by the Wescone vendor about the BHP Trial and related implications for or decisions by BHP.

- Further, in 2016 BHP had requested Wescone to develop a new crusher that would satisfy BHPs requirements. None of these material matters relating to the deficiencies of the Wescone W300 Series 3 and advice from the largest Wescone customer were disclosed to Volt by the Wescone vendor at any stage prior to the Wescone acquisition by Volt. BHP subsequently provided email correspondence confirming the aforementioned communications between BHP and the Wescone vendor.
- As previously reported, on 4 January 2019, the Company announced that it had filed a Writ against the vendor of Wescone seeking an order that the agreement providing for the sale and purchase of Wescone is void by reason of misleading and deceptive conduct and further or alternatively, damages for breach of contract as well as interest and costs. The claim process is continuing with a trial scheduled for commencement in October 2020.
- Wescone is now engaged in discussions with other iron ore industry participants for the supply and ongoing service support of the new and innovative Wescone W300 Series 4 crusher. These additional discussions are incomplete.

EcoQuip Australia Pty Ltd (EcoQuip) (61% owned)

EcoQuip salient achievements and activities for the period include:

- ~60% utilization rate of its existing Mobile Solar Light Tower (MSLT) and Mobile Communications Tower (MSCT) fleet.
- EcoQuip's MSLT & MSCT demonstration trial customers comprising BHP, Chevron and Thiess Contracting all extended their trials arrangements and engaged in long term supply discussions and contract negotiations subject to successful trial conclusion.
- The EcoQuip MSLT Gen4 trial at the Chevron operated Gorgon LNG Project located on Barrow Island, WA was successful. In July 2020, EcoQuip was awarded the Chevron Harry Butler Award for the MSLT Gen4. Chevron have now requested some minor, site specific design modifications which have been agreed and are now being fabricated for a short additional trial in September / October 2020.
- Thiess Contracting were supplied a further two MSCT Gen4 hire units to integrate into their existing autonomous drilling systems at Lake Vermont Coal mine in Queensland. Thiess was recently awarded a 5-year mining contract extension at Lake Vermont and has committed to the expansion of autonomous activities at the mine. Thiess continue to hire EcoQuip MSCT units located at other Thiess operations including in Queensland and NSW.
- The BHP demonstration trial has recently transitioned into commercial discussions for the long-term supply of EcoQuip MSLT units. These discussions are ongoing and uncertain at this time.
- The EcoQuip Board approved the fabrication of components for the manufacture of an additional 20x EcoQuip MSLT units by our US domiciled supply chain partners. Associated procurement activities commenced in early June 2020. These new 20x EcoQuip MSLT units are expected to be ready for deployment by September / October 2020.
- Volt recently increased its ownership of EcoQuip from 55% to 61% via the provision of new equity funding to conclude the development of the EcoQuip MSLT / MSCT Power Management & Telemetry Controller (EPMTC) and to part fund the aforementioned manufacture of 20x new MSLT Gen4 units.

4. Operating results

The Group recorded an operating loss after income tax, attributable to owners, for the six months ended 30 June 2020 of \$707,011 (2019: operating profit of \$21,070). The net asset position of the Group at 30 June 2020 was \$1,945,064 (December 2019: \$2,418,577).

As at 30 June 2020, the Group had cash and cash equivalents of \$795,208.

Net cash outflow during the six months ended 30 June 2020 of \$492,497 was comprised of:

- Net cash outflow from operating activities of \$277,259;
- Net cash outflow from investing activities of \$157,856 and
- Net cash outflow from financing activities of \$57,382.

5. Events occurring after the reporting period

On 5 August 2020, the Company announced that BHP and Wescone had entered into a 5-year Purchase Service Exchange Contract (BHP Contract). Under the BHP Contract, the BHP Iron Ore business will purchase ~20 new Wescone W300 Series 4 crushers to displace their installed sample crusher fleet at BHP Iron Ore Pilbara located port, mine and metallurgical laboratory infrastructure.

In July 2020, the Company increased its ownership of EcoQuip from 55% to 61% via the provision of new equity funding to conclude the development of the EcoQuip MSLT / MSCT Power Management & Telemetry Controller (EPMTC) and to part fund the aforementioned manufacture of 20x new MSLT Gen4 units.

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has not significantly impacted the entity up to 30 June 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

No other matter or circumstance has arisen since 30 June 2020 that has significantly affected the group's operations, results or state of affairs, or may do so in future years.

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

On behalf of the Directors



Simon Higgins
Chairman

Perth
27 August 2020

DECLARATION OF INDEPENDENCE BY GLYN O'BRIEN TO THE DIRECTORS OF VOLT POWER GROUP LIMITED

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

1. No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Volt Power Group Limited and the entities it controlled during the period.



Glyn O'Brien

Director

BDO Audit (WA) Pty Ltd

Perth, 27 August 2020

Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2020

	Note	30 June 2020 \$	30 June 2019 \$
Revenue from contracts with customers	6	306,955	662,697
Cost of sales		(86,723)	(183,095)
Gross profit		220,232	479,602
Other income	7	125,948	606,286
Consultants and advisors		(310,734)	(284,896)
Employment benefits expense		(525,260)	(511,863)
General and administration expenses		(205,506)	(122,784)
Operating (loss)/profit		(695,320)	166,345
Finance income		365	1,024
Finance expenses		(10,924)	(16,888)
Finance costs - net		(10,559)	(15,864)
(Loss)/profit before income tax expense benefit		(705,879)	150,481
Income tax expense		(30,134)	(45,740)
(Loss)/profit from continuing operations		(736,013)	104,741
Other comprehensive income for the half year, net of tax		-	-
Total comprehensive (loss)/income for the half year		(736,013)	104,741
(Loss)/profit for the half year is attributable to:			
Minority interests		(29,002)	83,671
Owners of Volt Power Group Limited		(707,011)	21,070
Total comprehensive (loss)/income for the half year is attributable to:			
Minority interests		(29,002)	83,671
Owners of Volt Power Group Limited		(707,011)	21,070
(Loss)/earnings per share:		cents	cents
Basic (loss)/profit for the period attributable to ordinary equity holders of the parent		(0.0078)	0.0003
Diluted (loss)/profit for the period attributable to ordinary equity holders of the parent		(0.0078)	0.0002
(Loss)/earnings per share from continuing operations:			
Basic (loss)/profit from continuing operations attributable to ordinary equity holders of the parent		(0.0078)	0.0003
Diluted (loss)/profit from continuing operations attributable to ordinary equity holders of the parent		(0.0078)	0.0002

The above Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Interim Consolidated Statement of Financial Position

As at 30 June 2020

	Note	30 June 2020 \$	31 December 2019 \$
Assets			
Current assets			
Cash and cash equivalents		795,208	1,287,705
Trade and other receivables		112,339	140,321
Inventory		362,574	367,254
Other current assets		34,721	78,487
Total current assets		1,304,842	1,873,767
Non-current assets			
Property, plant and equipment	8	981,206	1,060,346
Intangible assets	9	377,167	269,470
Total non-current assets		1,358,373	1,329,816
Total assets		2,663,215	3,203,583
Liabilities			
Current Liabilities			
Trade and other payables		523,437	512,515
Employee benefit liability		37,021	57,416
Interest bearing loans		87,201	100,130
Total current liabilities		647,659	670,061
Non-current liabilities			
Interest bearing loans		70,492	114,945
Total non-current liabilities		70,492	114,945
Total liabilities		718,151	785,006
Net assets		1,945,064	2,418,577
Shareholders' Equity			
Share capital	10	73,782,092	73,519,592
Reserves		6,047,559	6,060,365
Accumulated losses		(78,314,359)	(77,607,348)
Total attributable to owners of parent		1,515,292	1,972,609
Non-controlling interest		429,772	445,968
Total Shareholders' Equity		1,945,064	2,418,577

The above Interim Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Interim Consolidated Statement of Changes in Equity

As at 30 June 2020

Attributable to owners of Volt Power Group Limited

	Share capital \$	Reserves \$	Accumulated losses \$	Total attributable to owners \$	Non- controlling interest \$	Total equity \$
At 1 January 2019	72,792,329	6,060,456	(75,732,466)	3,120,319	375,022	3,495,341
Total comprehensive profit/(loss) for the half year						
Profit for the half year	-	-	21,070	21,070	83,671	104,741
Total comprehensive profit for the half year	-	-	21,070	21,070	83,671	104,741
Transactions with owners in their capacity as owners						
Issue of share capital - net of costs	-	-	-	-	40,000	40,000
Share based payments	-	38,493	-	38,493	-	38,493
	-	38,493	-	38,493	40,000	78,493
At 30 June 2019	72,792,329	6,098,949	(75,711,396)	3,179,882	498,693	3,678,575
At 1 January 2020	73,519,592	6,060,365	(77,607,348)	1,972,609	445,968	2,418,577
Total comprehensive profit/(loss) for the half year						
Loss for the half year	-	-	(707,011)	(707,011)	(29,002)	(736,013)
Total comprehensive loss for the half year	-	-	(707,011)	(707,011)	(29,002)	(736,013)
Transactions with owners in their capacity as owners						
Transactions with non-controlling interests	-	(12,806)	-	(12,806)	12,806	-
Exercise of unlisted options	262,500	-	-	262,500	-	262,500
	262,500	(12,806)	-	249,694	12,806	262,500
At 30 June 2020	73,782,092	6,047,559	(78,314,359)	1,515,292	429,772	1,945,064

The above Interim Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Interim Consolidated Statement of Cash Flows

For the six months ended 30 June 2020

	30 June 2020 \$	30 June 2019 \$
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax)	365,911	751,472
Payments to suppliers and employees (inclusive of goods and services tax)	(816,595)	(780,273)
R&D tax refund and other government incentives	211,237	200,386
Interest received	366	1,024
Interest paid	(8,044)	(16,888)
Income tax payment	(30,134)	(47,915)
Net cash (outflows)/inflows from operating activities	(277,259)	107,806
Cash flows from investing activities		
Payments for property, plant and equipment	-	(298,296)
Payments for internally generated intangible asset	(157,856)	(192,379)
Net cash outflows from investing activities	(157,856)	(490,675)
Cash flows from financing activities		
Proceeds from issue of shares and other equity securities	-	40,000
Repayment of borrowings	(57,382)	(67,950)
Net cash outflows from financing activities	(57,382)	(27,950)
Net decrease in cash and cash equivalents	(492,497)	(410,819)
Cash and cash equivalents at the beginning of the half year	1,287,705	1,233,662
Cash and cash equivalents at end of the half year	795,208	822,843

The above Condensed Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Condensed Notes to the Interim Consolidated Financial Statements

For the six months ended 30 June 2020

1. Corporate Information

The interim consolidated financial statements of Volt Power Group Limited (the "Company" or "Volt") and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2020 were authorised for issue in accordance with a resolution of directors on 27 August 2020.

Volt Power Group Limited is a for profit company limited by shares, domiciled in Australia, whose shares are publicly traded. The address of the Company's registered office is Unit B9, 431 Roberts Rd Subiaco WA 6008.

2. Statement of Compliance

The interim consolidated financial statements for the six months ended 30 June 2020 have been prepared in accordance with AASB134 *Interim Financial Reporting and the Corporations Act 2001*.

The interim consolidated financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the Group's annual financial statements as at 31 December 2019.

3. Significant Accounting Policies

(a) Basis of preparation

The interim consolidated financial statements have been prepared based on a historical cost basis. Cost is based on the fair values of the consideration given in exchange for assets.

All amounts are presented in Australian dollars, which is the functional currency of the Company and each of its subsidiaries.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Company's financial report for the year ended 31 December 2019, apart from the recognition of capitalised intangible assets for the first time following development undertaken in Ecoquip. The policy on research and development is detailed below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The Company has not adopted any new or updated accounting policies in the current period.

(b) Going concern

During the period the Group recorded a net loss after tax of \$736,013 (2019: profit of \$104,741) and had net cash outflows from operating activities of \$277,259 (2019: inflows of \$107,806). At 30 June 2020 the Group had cash and cash equivalents of \$795,208 and a working capital excess of \$657,183.

The Group's ability to continue as a going concern is dependent upon its ability to generate cash flow through its business operations and the ability to raise additional finance from debt or equity if and when required to contribute to the Group's working capital position. The Directors continue to be focused on meeting the Group's business objectives and are mindful of the funding requirements to meet these objectives.

In addition to the above, the World Health Organisation announced that the Coronavirus (COVID-19) had become a pandemic on 11 March 2020. The impact of the COVID-19 pandemic is ongoing and whilst has had no financial impacts for the Group up to 30 June 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided. The full impact of COVID-19 and timing of easing of restrictions continues to evolve. At the reporting date, it is uncertain what the effect will be on the Group and potentially it will have a post balance date impact. The Directors are continuing to explore alternative options in an effort to mitigate the possible impacts of COVID-19.

These conditions indicate a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

Management believe there are sufficient funds to meet the Group's working capital requirements as at the date of this report. The financial statements have been prepared on the basis that the entity is a going concern, which contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business for the following reasons:

- If required, the Board will seek to raise additional finance from debt or equity if and when required to contribute to the Group's working capital position in the near term;
- On 5 August 2020, the Company announced that BHP and Wescone had entered into a 5-year Purchase Service Exchange Contract (BHP Contract). Under the BHP Contract, the BHP Iron Ore business will purchase ~20 new Wescone W300 Series 4 crushers to displace their installed sample crusher fleet at BHP Iron Ore Pilbara located port, mine and metallurgical laboratory infrastructure;

- The Group anticipates an R&D tax incentive receipt in the coming period; and
- If required, the Board would implement relevant measures and scale back certain activities that are non-essential so as to conserve cash.

Should the entity not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements and that the financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the entity not continue as a going concern.

(c) Research and Development

Expenditure during the research phase of a project are recognised as expenditure in the period incurred in line with *AASB 138 intangible assets*.

Expenditure that meet the criteria of development under *AASB 138 intangible assets* are capitalised as intangible assets. These are initially valued at cost and subsequently amortised over an estimated useful life. Development costs previously recognised as expenses are not recognised as an asset in subsequent periods.

(d) Research and development incentive income

Research and development incentives are recognised at fair value when there is reasonable assurance that the incentive will be received. The Company accounts for such allowances on the same basis as the relevant expenditure. If the expenditure is expensed in the income statement, the tax incentive will be recorded in the profit or loss. If the expenditure is capitalised to an asset, the tax incentive will reduce the carrying value of the asset.

(e) New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the period ended 30 June 2020 and are not expected to have a material impact.

4. Estimates

The preparation of interim financial reports requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this consolidated interim financial report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation of uncertainty were the same as those that applied to the consolidated financial report for the year ended 31 December 2019.

Judgement is required in assessing whether goodwill has suffered any impairment on an annual basis and is continually assessed by management on an ongoing basis. In assessing impairment, management estimates the recoverable amount of each asset or cash-generating unit based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate. No impairment indicators have been identified for the period ended 30 June 2020.

5. Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of Volt Power Group Limited. The Group has determined that it has one operating segment, the provision of services to the mining and construction industries.

6. Revenue from contracts with customers

	30 June 2020 \$	30 June 2019 \$
Revenue from sales of inventory	141,137	453,364
Revenue from equipment leases	165,818	209,333
	<u>306,955</u>	<u>662,697</u>
Timing of revenue recognition		
At a point in time	141,137	453,364
Over time	165,818	209,333
	<u>306,955</u>	<u>662,697</u>

7. Other income

	30 June 2020 \$	30 June 2019 \$
R&D tax incentive income ¹	64,903	602,551
Other income	61,045	3,735
	<u>125,948</u>	<u>606,286</u>

¹ A total R&D tax incentive amount of \$150,192 was received in the period, however, \$85,289 of this balance related to Capitalised R&D expenditure. Accordingly, this portion has been offset against the corresponding Intangible Asset in the Statement of Financial Position, as disclosed in note 9.

8. Property, plant and Equipment

	Plant and equipment \$	Office furniture, fittings and equipment \$	Total \$
31 December 2019			
Opening net book amount	895,994	3,201	899,195
Additions	298,295	-	298,295
Depreciation charge	(135,541)	(1,603)	(137,144)
	<u>1,058,748</u>	<u>1,598</u>	<u>1,060,346</u>
31 December 2019			
Cost or fair value	1,986,109	18,703	2,004,812
Accumulated depreciation	(927,361)	(17,105)	(944,466)
Net book amount	<u>1,058,748</u>	<u>1,598</u>	<u>1,060,346</u>
30 June 2020			
Opening net book amount	1,058,748	1,598	1,060,346
Depreciation charge	(78,907)	(233)	(79,140)
	<u>979,841</u>	<u>1,365</u>	<u>981,206</u>
30 June 2020			
Cost or fair value	1,986,109	18,703	2,004,812
Accumulated depreciation	(1,006,268)	(17,338)	(1,023,606)
Net book amount	<u>979,841</u>	<u>1,365</u>	<u>981,206</u>

9. Intangible assets

	30 June 2020 \$	31 December 2019 \$
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(a) Goodwill

The movements in the net carrying amount of goodwill are as follows:

Balance at start of period	-	1,348,219
Impairment	-	(1,348,219)
Balance at end of period	<u>-</u>	<u>-</u>

(b) Capitalised Development Cost

The movements in the net carrying amount of Capitalised Development costs are as follows:

Balance at start of period	269,470	-
Incurred during the period	192,986	269,470
R&D tax incentive received	(85,289)	-
Balance at end of period	<u>377,167</u>	<u>269,470</u>
Total intangible assets	<u>377,167</u>	<u>269,470</u>

10. Contributed Equity

(a) Share Capital

	30 June 2020 shares	30 June 2020 \$	31 December 2019 shares	31 December 2019 \$
Ordinary shares				
Fully paid	9,169,533,558	73,782,092	8,994,533,558	73,519,592
Movements in ordinary shares				
Details	shares	\$	shares	\$
Balance at the beginning of the period	8,994,533,558	73,519,592	6,244,533,558	67,964,945
Exercise of unlisted options ¹	175,000,000	262,500	-	-
Shares issued to purchase investment	-	-	1,900,000,000	4,750,000
Shares issued as part of acquisition consideration	-	-	100,000,000	250,000
Shares issued for cash	-	-	750,000,000	750,000
Less: transaction costs arising on share issues	-	-	-	(195,353)
Balance at the end of the period	<u>9,169,533,558</u>	<u>73,782,092</u>	<u>8,994,533,558</u>	<u>73,519,592</u>

¹ Options exercised by Mr Adam Boyd via the settlement of accrued directors' fees.

(b) Weighted average number of shares

	30 June 2020 \$	30 June 2019 \$
Weighted average number of ordinary shares used as denominator for calculating basic profit/(loss) per share	9,032,240,740	8,244,533,558
Adjustments for calculation of diluted profit/(loss) per share:		
Options	<u>312,292,818</u>	-
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted loss per share	<u>9,344,533,558</u>	<u>8,244,533,558</u>

11. Contingencies

The Group has no contingent assets and the only contingent liability is the royalty payable to the previous owner of Wescone if revenue received by Wescone exceeds \$2 million per annum.

As previously disclosed, on 4 January 2019, the Company announced that it had filed a Writ against the vendor of Wescone seeking an order that the agreement providing for the sale and purchase of Wescone is void by reason of misleading and deceptive conduct and further or alternatively, damages for Breach of contract as well as interest and costs. The claim process is continuing with a trial scheduled for commencement in October 2020.

12. Events occurring after the reporting period

On 5 August 2020, the Company announced that BHP and Wescone had entered into a 5-year Purchase Service Exchange Contract (BHP Contract). Under the BHP Contract, the BHP Iron Ore business will purchase ~20 new Wescone W300 Series 4 crushers to displace their installed sample crusher fleet at BHP Iron Ore Pilbara located port, mine and metallurgical laboratory infrastructure.

In July 2020, the Company increased its ownership of EcoQuip from 55% to 61% via the provision of new equity funding to conclude the development of the EcoQuip MSLT / MSCT Power Management & Telemetry Controller (EPMTC) and to part fund the aforementioned manufacture of 20x new MSLT Gen4 units.

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has not significantly impacted the entity up to 30 June 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

No other matter or circumstance has arisen since 30 June 2020 that has significantly affected the group's operations, results or state of affairs, or may do so in future years.

Declaration by Directors

In accordance with a resolution of the directors of Volt Power Group Limited, I state that:

In the opinion of the directors:

- (a) The financial statements and notes of Volt Power Group Limited for the half year ended 30 June 2020 are in accordance with the Corporations Act 2001, including:
 - i) Giving a true and fair view of the consolidated entity's financial position as at 30 June 2020 and of its performance for the half-year ended on that date; and
 - ii) Complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and
- (b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:



Simon Higgins
Chairman

Perth
27 August 2020

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Volt Power Group Limited

Report on the Half-Year Financial Report

Conclusion

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

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the Corporations Act 2001 including:

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001 which has been given to the directors of the Company, would be the same terms if given to the directors as at the time of this auditor's review report.

Material uncertainty relating to going concern

We draw attention to Note 3(b) in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.



Responsibility of the directors for the financial report

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

Auditor's responsibility for the review of the financial report

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

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

BDO Audit (WA) Pty Ltd

A handwritten signature in black ink, appearing to read 'Glyn O'Brien', is written over a faint, stylized 'BDO' logo.

Glyn O'Brien

Director

Perth, 27 August 2020