Appendix 4E

Preliminary final report

1. Company details

Name of entity

VTX Holdings Limited (ASX:VTX)

ABN or equivalent company reference	Financial year ended ('current period')	Financial year ended ('previous corresponding period'):
80 096 870 978	30 June 2015	30 June 2014

2. Results for announcement to the market

Full year comparison	12 months ended 30 June 2015	12 months ended 30 June 2014	Increase/ (decrease) %
Revenues from ordinary activities	-	-	-
Loss from ordinary activities after tax attributable to members	(390,702)	(840,940)	(53.54%)
Net loss for the period attributable to members	(390,702)	(840,940)	(53.54%)
Net tangible deficiency per share*	(0.001)	(0.005)	(73.00%)

** Post-consolidation basis*

Dividends

No dividends were paid or proposed for the current or previous corresponding period.

Comments by directors

2015 was a year of changes and significant achievement for VTX Holdings Limited ("VTX" or the "Company") with the proposed Acquisition of pioneering software optimisation network provider, NexGen Networks Limited ("NexGen"). The proposed Acquisition of NexGen strategically diversifies and expands the operations of VTX into the significant and fast growing global mobile technology sector, worth over $100 billion annually.

NexGen's technology uses smart algorithms and has demonstrated increased levels of data speed of over 100% (up to 1000% in 'low speed' environments) and data savings of over 30% (up to 93% in 'low speed' environments) of data transfers.

On 2 July 2015 the Company appointed Mr Cam Worth of Simplisite Business Solutions ("Simplisite"), as a Technical and Commercial Advisor to the Board to advise on the technology potential and commercialisation strategy of NexGen.

Due Diligence was successfully completed on 15 July 2015 by way of a formal review of the technology and an extensive testing regime under controlled conditions, performed by Mr Worth. The review and testing provided validation of NexGen's technology and unique ability to optimise network performance, delivering significant efficiencies and improvements in transfer speeds and reducing data usage when transferring data between devices.

The technology has been shown to work effectively on video data and over encrypted connections, opening up significant opportunities based on the current global demand for digital video content and secure / private data exchange over the Internet.

Next steps for NexGen will focus on the development of the mobile application front-end for the platform to be delivered to the Android marketplace initially, with development of the beta application already underway. Android OS currently claims 81.2% of the global market, with Apple iOS taking 14.8% in 2014 (Source: International Data Corporation).

Furthermore, the Board of NexGen approved a strategic development plan in partnership with Simplisite, following the successful completion of due diligence on behalf of VTX. The deal provides NexGen with the resources and expertise necessary to expedite development of the technology and accelerate its time-to-market with considerable optimisation expected.

As full time lead manager, Mr Worth will oversee the project and has been appointed to assemble a team which will carry out the development and further optimise and enhance the performance of the NGN technology.

With this appointment, NGN in collaboration with Mr Worth, will establish a dedicated specialist team to focus on large-scale deployment of the NGN technology, drive further optimisation and identify new opportunities and applications.

For a more detailed report of the Company's activities during and subsequent to year-end please refer to recent announcements and the Director's Report in the Company's upcoming Annual Financial Report.

VORTEX PIPES LIMITED AND ITS CONTROLLED ENTITY
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 30 June 2015

	Notes	UNAUDITED 2015 $	AUDITED 2014 $
CONTINUING OPERATIONS			
Other income	4	19,118	5,813
Total continuing operations		**19,118**	**5,813**
EXPENSES			
Research and development costs, materials and consultants		(24,627)	(214,011)
Directors' fees, salaries, superannuation and consulting costs		(170,306)	(274,214)
Depreciation expenses		(4,856)	(8,858)
Public company costs, fees, share registry, shareholder costs		(59,989)	(24,604)
Occupancy costs		4,361	(39,491)
Legal fees		(18,232)	(5,459)
Audit fees		(25,147)	(20,588)
Insurances		(8,567)	(14,394)
Interest expenses		(438)	(815)
Other expenses from ordinary activities		(13,019)	(100,319)
Corporate fees		(89,000)	(144,000)
Total expenses		**(409,820)**	**(846,753)**
Loss before tax	5	(390,702)	(840,940)
Income tax benefit	6		-
Loss for the year from continuing operations		**(390,702)**	**(840,940)**
Other comprehensive income			
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		**(390,702)**	**(840,940)**
Loss attributable to:			
Owners of the Company		(390,702)	(840,940)
Non-controlling interests		-	-
		(390,702)	**(840,940)**
Total comprehensive expense attributable to:			
Owners of the Company		(390,702)	(840,940)
Non-controlling interests		-	-
		(390,702)	**(840,940)**
Loss per share			
From continuing and discontinuing operations			
Basic and diluted (cents per share)	7	(0.001)*	(0.00027)

**Post-consolidation basis*

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

VORTEX PIPES LIMITED AND ITS CONTROLLED ENTITY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at ended 30 June 2015

	Notes	UNAUDITED 2015 $	AUDITED 2014 $
Current assets			
Cash and cash equivalents	15	937,776	27,479
Trade and other receivables	8	20,686	11,277
Other current assets	9	100,000	-
Total current assets		**1,058,462**	**38,756**
Non-current assets			
Plant and equipment	10	19,277	24,133
Intangible assets	11	-	-
Total non-current assets		19,277	24,133
Total assets		**1,077,739**	**62,889**
Current liabilities			
Trade and other payables	12	93,040	294,887
Total current liabilities		93,040	294,887
Total liabilities		93,040	294,887
Net assets		**984,699**	**(231,998)**
Equity			
Issued capital	13	11,415,813	9,811,391
Reserves	14	660,074	657,097
Accumulated losses		(11,091,188)	(10,700,486)
Total equity		**984,699**	**(231,998)**

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

VORTEX PIPES LIMITED AND ITS CONTROLLED ENTITY
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 30 June 2015

	Share Capital $	Option Premium Reserve $	Accumulated Losses $	Total $
AUDITED				
Balance at 1 July 2013	**9,811,391**	**563,097**	**(9,859,546)**	**514,942**
Comprehensive income for the year				
Loss for the year	-	-	(840,940)	(840,940)
Total comprehensive income for the year			(840,940)	(840,940)
Issue of options	-	100,000	-	100,000
Option issue costs	-	(6,000)	-	(6,000)
Balance at 30 June 2014	**9,811,391**	**657,097**	**(10,700,486)**	**(231,998)**
UNAUDITED				
Balance at 1 July 2014	9,811,391	657,097	(10,700,486)	(231,998)
Comprehensive income for the year				
Loss for the year	-	-	(390,702)	(390,702)
Total comprehensive income for the year		-	(390,702)	(390,702)
Issue of shares/options	1,679,013	2,977	-	1,681,990
Share/Option issue costs	(74,591)	-	-	(74,591)
Balance at 30 June 2015	**11,415,813**	**660,074**	**(11,091,188)**	**984,699**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 30 June 2015

	Notes	UNAUDITED 2015 $	AUDITED 2014 $
Cash flows from operating activities			
Payments to suppliers and employees		(615,782)	(593,965)
Deposit on potential investment		(100,000)	
Interest received		19,118	5,813
Interest paid		(438)	(815)
Net cash used by operating activities	15	(697,102)	(588,967)
Cash flows from investing activities			
Net cash generated by investing activities		-	-
Cash flows from financing activities			
Proceeds from issues of shares		1,679,013	-
Payments of share issue costs		(74,591)	-
Proceeds from issue of options		2,977	100,000
Payment for option issue costs		-	(6,000)
Net cash generated by financing activities		1,607,399	94,000
Net (decrease)/increase in cash and cash equivalents		910,297	(494,967)
Cash and cash equivalents at the beginning of the year		27,479	522,446
Cash and cash equivalents at the end of the year	15	**937,776**	**27,479**

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

1. General information

VTX Holdings Limited (the Company and controlled entity) is a limited company incorporated in Australia. The principal activity in the course of the financial year was the development and commercialisation of the ShieldLiner System.

2. Significant accounting policies

2.1. Statement of compliance

These unaudited preliminary consolidated financial statements are general purpose financial statements which have been prepared in accordance with the *Corporations Act 2001*, Accounting Standards and Interpretations, and comply with other requirements of the law.

The financial statements comprise the consolidated financial statements of the Company and its controlled entity (the "Group").

Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the Company and the Group comply with International Financial Reporting Standards ("IFRS").

The unaudited preliminary financial statements were authorised for issue by the directors on 31 August 2015.

2.2. Basis of preparation

The unaudited preliminary consolidated financial statements have been prepared on the basis of historical cost, except for certain non-current assets and financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The following significant accounting policies have been adopted in the preparation and presentation of the financial statements:

2.3. Going concern basis

The unaudited preliminary consolidated financial statements have been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

The Group has incurred a net loss after tax for the year ended 30 June 2015 of $390,702 (2014: loss $840,940), and a net cash outflow from operations of $697,102 (2014: outflow of $588,967). At 30 June 2015, the Group has net current assets of $965,422 (2014: $256,131 net current liabilities) and net equity of $984,699 (2014: ($231,998)).

Subsequent to balance date, the Company issued a total of 63,525,534 shares arising on the conversion of options to raise a total of $1,588,138.

The Directors are satisfied that, having reviewed the performance of the Group and forecasts for the forthcoming year, the Group has adequate resources to enable it to continue in business for the foreseeable future. For this reason, the Directors have adopted the going concern basis for the preparation of the consolidated financial statements.

2.4. Basis of consolidation

The unaudited preliminary consolidated financial statements incorporate the financial statements of the Company and entity controlled by the Company (its subsidiary). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Income and expense of subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. Total comprehensive income of subsidiary is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring its accounting policies into line with those used by other members of the Group. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in the statement of comprehensive income and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the relevant assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 139 'Financial Instruments: Recognition and Measurement' or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

3. Critical Accounting estimates and Judgements

In the application of the Group's accounting policies, which are described in Note 2, the directors are required to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

4. Revenue

<u>Operating Activities</u>

	UNAUDITED 2015 $	AUDITED 2014 $
Other Income		
Interest received	19,118	5,813
	19,118	5,813

5. Loss for the year

Loss for the year has been arrived at after charging:

	UNAUDITED 2015 $	AUDITED 2014 $
Audit fees	25,147	20,558
(Profit)/Loss on disposal or write-off of plant and equipment	-	11,779

6. Income taxes

Income tax recognised in profit or loss

	UNAUDITED 2015 $	AUDITED 2014 $
Current tax	-	-
Deferred tax	-	-
	-	-

The income tax expense for the year can be reconciled to the accounting profit/(loss) as follows:

Loss before tax	(390,702)	(840,940)
Income tax expense/(benefit) calculated at 30% (2014: 30%)	(117,211)	(252,282)
Adjustment in respect of previous current income tax	(68,780)	(14,258)
Effect of expenses that are not deductible on determining taxable profit/(loss)	27,131	56,225
Other deductible items	(17,232)	(15,159)
Utilisation of prior year losses	-	-
Effect of unused tax losses not recognised as deferred tax assets	176,092	225,474
Income tax expense in consolidated statement of comprehensive income	-	-

The tax rate used for the 2015 and 2014 tax reconciliations above is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law.

Tax Losses

Deferred tax assets on the unused 2015 revenue tax loss of $7,364,210 (2014: $7,037,567) and 2015 capital tax loss of $140,760 (2014: $169,199) has not been recognised as the future recovery of these losses is subject to the Group satisfying the requirements imposed by the regulatory authorities. The benefit of deferred tax assets not brought to account will only be brought to account if:

(a) Future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised.

(b) The conditions for deductibility imposed by tax legislation continue to be complied with and no changes in tax legislation adversely affect of the Group in realising the benefit.

6. *Income taxes (cont'd)*

Unrecognised deferred tax assets

Net deferred tax assets (calculated at 30%) have not been recognised in respect of the following items:

	UNAUDITED 2015 $	AUDITED 2014 $
Capital raising costs recognised directly in equity	30,090	19,476
Revenue income tax losses not brought to account at 30%	2,167,035	2,111,270
Capital income tax losses not brought to account at 30%	42,228	50,760
Other temporary differences	285	137,250
Unrecognised deferred tax assets relating to the above temporary differences	2,239,638	2,318,756

7. Loss per share

Basic loss per share

	UNAUDITED 2015 Cents per share*	AUDITED 2014 Cents per share
From continuing operations	(0.001)	(0.00027)
From discontinued operations	-	-
Total basic loss per share	(0.001)	(0.00027)

** Post-consolidation basis*

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

	UNAUDITED 2015 $	AUDITED 2014 $
Loss for the year from continuing operations	(390,702)	(840,940)
Profit for the year from discontinued operations	-	-
Loss for the year	(390,702)	(840,940)

	UNAUDITED No.*	AUDITED No.
Weighted average number of ordinary shares for the purposes of basic loss per share	270,298,607	3,141,972,236

** Post-consolidation basis*

Diluted loss per share

The following potential ordinary shares are anti-dilutive and are therefore excluded from the weighted average number of ordinary shares for the purposes of diluted loss per share.

	UNAUDITED No.*	AUDITED No.
Listed options exercisable at $0.025 on or before 25 October 2015	175,980,266	3,125,000,000
Unlisted options exercisable at $0.025 on or before 31 August 2018	99,019,734	-

** Post-consolidation basis*

8. Trade and other receivables

	UNAUDITED 2015 $	AUDITED 2014 $
Trade debtors	386,847	386,847
Provision for impairment (i)	(386,847)	(386,847)
Sundry debtors and prepayments	20,686	11,277
	20,686	11,277

(i) As at 30 June 2015, current trade receivables of the Group with a value of $386,847 were impaired. The amount of the provision was $386,847.

Trade receivables past due but not impaired

There were no other trade receivables past due but not impaired (2014: $NIL).

Fair value and credit risk

Due to the short term nature of these receivables, their carrying amount is assumed to approximate their fair value.

9. Other current assets

At the end of the period and following rigorous due diligence investigations with respect to the option agreements it held to acquire up to 100% of the Snelgrove DSO iron ore project, the Board decided not to pursue this opportunity and the options lapsed.

Financial information relating to the other current asset is set out below:

	UNAUDITED 2015 $	AUDITED 2014 $
Balance at the beginning of the year	-	121,589
Additions	100,000	19,171
Total	100,000	140,760
Less: Impairment loss	-	(140,760)
Balance at the end of the year	100,000	-

10. Plant and equipment

	UNAUDITED 2015 $	AUDITED 2014 $
Plant and equipment at cost	379,838	379,838
Accumulated depreciation and impairment	(374,841)	(373,668)
	4,997	6,170
Motor vehicles at cost	85,972	85,972
Accumulated depreciation	(71,692)	(68,341)
	14,280	17,631
Office equipment at cost	64,596	64,596
Accumulated depreciation	(64,596)	(64,596)
	-	-
Office furniture at cost	17,991	17,991
Accumulated depreciation	(17,991)	(17,659)
	-	332
Total accumulated depreciation and impairment	19,277	24,133

Movement in Carrying Amounts:

	Plant & Equipment $	Motor Vehicles $	Office Furniture $	Office Equipment $	Total $
Carrying amount at 30 June 2013	7,498	36,723	-	549	44,770
AUDITED					
Disposals	-	(11,779)	-	-	(11,779)
Depreciation expense	(1,328)	(7,313)	-	(217)	(8,858)
Carrying amount at 30 June 2014	6,170	17,631	-	332	24,133
UNAUDITED					
Disposals/write-off	-	-	-	-	-
Depreciation expense	(1,173)	(3,351)	-	(332)	(4,856)
Carrying amount at 30 June 2015	4,997	14,280	-	-	19,277

11. Intangible assets

	UNAUDITED 2015 $	AUDITED 2014 $
Technology rights at cost	500,000	500,000
Capitalised patent expenditure at cost	548,022	548,022
Accumulated amortisation – technology rights and patent	(425,759)	(425,759)
Amount written off – technology rights and patent	(622,263)	(622,263)
	-	-
Licence and know-how at cost	400,100	400,100
Accumulated amortisation – licence	(140,000)	(140,000)
Amount written off – licence	(260,100)	(260,100)
	-	-
Goodwill at cost	49,998	49,998
Amount written off – goodwill	(49,998)	(49,998)
	-	-

12. Trade and other payables

	UNAUDITED 2015 $	AUDITED 2014 $
Current		
Unsecured trade creditors	27,071	168,957
Sundry creditors and accruals	65,969	125,930
	93,040	294,887

13. Issued capital

	UNAUDITED 2015 $	AUDITED 2014 $
325,000,00 fully paid ordinary shares (2014: 3,141,972,236)	11,415,813	9,811,391

Fully paid ordinary shares	UNAUDITED 2015		AUDITED 2014	
	No.	$	No.	$
Balance at beginning of year	3,141,972,236	9,811,391	3,141,972,236	9,811,391
Shares issued at $0.0005 per share	1,385,000,000	692,500	-	-
Consolidation on a 1:20 basis	(4,300,623,565)	-	-	-
SPP Placement at $0.01 per share	98,651,329	986,513	-	-
Share issue costs	-	(74,591)	-	-
Balance at end of year	325,000,000	11,415,813	3,141,972,236	9,811,391

Fully paid ordinary shares carry one vote per share and carry the right to dividends. Ordinary shares participate in the proceeds on winding up of the Company in proportion to the number of shares held.

<u>Share options on issue</u>

Share options issued by the Company carry no rights to dividends and no voting rights.

As at 30 June 2015, the Company has 175,980,266 listed share options on issue (2014: 3,125,000,000) exercisable on a 1:1 basis for 175,980,266 shares (2014: 3,125,000,000) at an exercise price of $0.025 cents on a post-consolidation basis. The listed options expire on 25 October 2015.

As at 30 June 2015, the Company has 99,019,734 unlisted share options on issue (2014: NIL) exercisable on a 1:1 basis for 99,019,734 shares (2014: NIL) at an exercise price of $0.025 cents on a post-consolidation basis. The options expire on 31 August 2015.

During the year no options were converted into shares (2014: NIL).

Subsequent to year end the Company has issued a total of 63,525,534 shares arising on the conversion of options to raise a total of $1,588,138.

14. Reserves

	UNAUDITED 2015 $	AUDITED 2014 $
Option reserve balance at beginning of year	657,097	563,097
Options issued during the year	2,977	94,000
Option reserve balance at end of the financial year	660,074	657,097

The reserve arises on the grant of share options to executives, employees, consultants and advisors. They also arise upon issue of options to shareholders or buyers. Amounts are transferred out of reserve and into accumulated losses when options expire or lapse.

15. Cash and cash equivalents

For the purposes of the consolidated statement of cash flows, cash and cash equivalents include cash on hand and in banks, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the reporting period as shown in the consolidated statement of cash flows can be reconciled to the related items in the consolidated statement of financial position as follows:

	UNAUDITED 2015 $	AUDITED 2014 $
Cash and bank balances	937,776	27,479

(a) Reconciliation of (loss)/profit for the year to net cash flows from operating activities

(Loss)/profit for the year	(390,702)	(840,940)
Non-cash items		
Depreciation	4,856	8,858
(Loss)/profit on disposal or write-off of plant and equipment	-	11,779
	(385,846)	(820,303)
Movements in working capital		
(Increase) in prepayments	(9,410)	913
(Increase) in other current assets	(100,000)	121,589
(Decrease) in trade and other payables	(201,847)	108,834
Net cash used in operating activities	(697,103)	(588,967)

(b) Non-cash transactions

In the prior year, the Group did not enter into any non-cash financing activities which are not reflected in the consolidated statement of cash flows.

16. Segment information

The Group identifies its operating segments based on the internal reports that are reviewed and used by the Board of directors (chief operating decision maker) in assessing performance and determining the allocation of resources.

The Group operates primarily in development of the ShieldLiner System technology. The financial information presented in the consolidated statement of comprehensive income and the consolidated statement of financial position is the same as that presented to the chief operating decision maker.

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

(a) This Appendix 4E has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

(b) This Appendix 4E, and the accounts upon which the Appendix 4E is based (if separate), use the same accounting policies.

(c) This Appendix 4E does give a true and fair view of the matters disclosed.

(d) This Appendix 4E is based on financial statements which are in the process of being audited.

(e) 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.

(f) Audit of the Company accounts is currently in progress and it is expected to contain an emphasis of matter for the audit opinion.

Andrew Haythorpe
Chairman

31 August 2015