



VOLTAGE IP

Voltage IP Limited

ABN 83 057 884 876

Appendix 4E Preliminary Final Report

For the year ended 30 June 2016

Lodged with the ASX under Listing Rule 4.3A

Voltage IP Limited

30 June 2016

Results for announcement to the market

	Notes	2016 \$	10 months ended 2015 \$	Inc/(Dec) %
*(All amounts are denoted in AUD\$)				
Revenue from continuing operations (Appendix 4E item 2.1)	1	7,964,580	9,133,144	(13%)
Profit/(Loss) from ordinary activities after tax attributable to members (Appendix 4E item 2.2)	2	(50,226)	872,890	(106%)
Net Profit/(Loss) for the period attributable to members (Appendix 4E item 2.3)	3	(143,306)	900,462	(116%)
Basic Earnings per share (Appendix 4E Item 14.1)		(0.08)	0.01	(845%)
Diluted Earnings per share (Appendix 4E Item 4.1)		(0.08)	0.01	(845%)
Net Tangible Assets per share (Appendix E Item 9)		(0.04)	(0.04)	-%

Dividends (Appendix 4E item 2.4 & 25)

No dividends have been paid by Voltage IP Limited (**Company**) during the year ended 30 June 2016 (**FY16**), and the Company does not propose to pay any final dividends in respect of that year.

Audit status (Appendix 4E item 15)

This report is based on accounts which are in the process of being audited. The audited annual accounts will be released by 30 September 2016.

Commentary on Results (Appendix 4E Item 14) & Significant Features of Operating Performance (Appendix 4E Item 14.3)

1. Revenue from continuing operations (Appendix 4E item 2.6 & 14)

In comparison to the previous reporting period, there was a decrease in revenue for FY16 due to key personnel of KLE Products Sdn Bhd (**KLE Products**), now a 100% wholly-owned subsidiary of the Company, having to spend a large amount of time during FY16 focussing on the acquisition by the Company of KLE Products and the re-quotation of the Company's securities on the ASX. The acquisition process commenced in July 2015 and was completed on 28 January 2016. In addition, substantial focus was placed on commissioning of the 2 new glove manufacturing lines and establishment of the Company's new wholly-owned subsidiary, VIP Glove Sdn Bhd (**VIP Glove**), as part of the Company's new investment strategy of entering the rubber glove manufacturing market. It is anticipated that this investment will bear fruit in the first quarter of the 2016-2017 financial year, as production commences and sales orders are delivered to customers.

Voltage IP Limited

30 June 2016

2. Profit/(loss) from ordinary activities after tax attributable to members (Appendix 4E item 2.6 & 14)

In comparison to the previous reporting period, profit from ordinary activities decreased for FY16 due to a decrease in revenues and due to one-off costs relating to the acquisition of KLE Products, costs associated with raising capital and re-quotations of the Company's securities on the ASX on 2 February 2016.

Whilst revenues decreased, margins in the KLE Products business operations continued to increase and averaged a 30% gross margin representing a 10% increase over the previous reporting period.

3. Net profit/(loss) for the period attributable to members (Appendix 4E item 2.6 & 14)

As in (2) above.

In comparison to the previous reporting period, profit attributable to members decreased for FY16 due to a decrease in revenues, and an increase in additional corporate administration expenses associated with the acquisition of KLE Products, raising capital and re-quotations of the Company's securities on the ASX.

Supplementary Information

Trends in performance (Appendix 4E Item 14.5)

The downward trend in revenue is considered temporary by the Company as FY16 was impacted by the transactions outlined above, and subsequent to completion of the acquisition of KLE Products, revenues have returned to levels equivalent to performance during the previous reporting period and with increased profit margins.

Other factors that affected results in the period or which are likely to affect results in the future (Appendix 4E item 14.6)

It is anticipated that the establishment of a rubber glove manufacturing operation under VIP Glove in the last quarter of FY16, funded from capital raised under the Company's replacement prospectus dated 22 December 2015 (**Replacement Prospectus**), will provide an additional line of revenue for the Company and its subsidiaries for the year ending 30 June 2017.

Reverse acquisition transaction and comparative reporting period

Under accounting standards, KLE Products is the accounting acquirer, and the Company is the legal acquirer.

The Company's acquisition of KLE Products has been accounted for as a reverse acquisition, with the consolidated financial statements of the Company being prepared as a continuation of KLE Products.

KLE Products as the accounting acquirer has consolidated the Company from the accounting acquisition date of 29 January 2016.

The consolidated financial statements represent a continuation of the financial statements of KLE Products and reflect a full year of KLE Products' results (plus the Company's results) from the date of acquisition.

The FY15 comparative reporting period is for the 10-month period ended 30 June 2015 as the KLE Products financial year commenced on 1 September 2014 and is a continuation of the audited accounts for KLE Products, the accounting acquirer.

Voltage IP Limited

30 June 2016

Other Significant Information (Appendix 4E Item 12)

On 28 August 2015, the Company executed a share purchase agreement to undertake the acquisition of KLE Products, a Malaysian based engineering group, whereby the Company agreed to acquire all the ordinary shares in KLE Products and in return issue 210,526,300 fully paid ordinary shares and 20,000,000 options in the Company to the shareholders of KLE Products, subject to meeting certain conditions precedent, including raising capital via the Replacement Prospectus. This acquisition has now completed (see below).

In September 2015 and November 2015, the Company entered into Loan and Convertible Note Agreements for A\$250,000 and A\$200,000 respectively at a coupon rate of 8% per annum and a conversion issue price of \$0.03 per note, whereby the notes were to convert to fully paid ordinary shares in the Company on successful re-quotation of the Company's ordinary shares on the ASX. The funds have now been advanced to the Company and the ordinary shares have been issued to the noteholders (see below).

On 18 December 2015, the Company sought and received shareholder approval to (among other things) cancel 57,277,536 ordinary shares (pre consolidation) and consolidate the company's share capital by a factor of 25 to 1. In addition, the Company sought and received shareholder approval to issue 210,526,300 fully paid ordinary shares and 20,000,000 options (converting at 10c per share, within a 3 year period) to the KLE Products vendors (as outlined above), 15,000,000 fully paid ordinary shares to the noteholders referred to above, 24,365,549 fully paid ordinary shares in satisfaction of certain debts owed by the Company, and 3,500,000 options (converting at 10c per share, within a 3 year period) to the Company's corporate adviser (Sanston Securities Pty Ltd), subject to the successful completion of a capital raising via the Replacement Prospectus and completing all regulatory requirements to have the Company's ordinary shares re-quoted on the ASX. These shares and options have now been issued (see below).

On 22 December 2015, the Company lodged the Replacement Prospectus with ASIC with a view to raising between \$3m and \$5m at \$0.05 per share.

On 28 January 2016, the Company completed a successful capital raising of \$3,526,600 under the Replacement Prospectus and issued 70,532,000 fully paid ordinary shares under the public offer referred to in the Replacement Prospectus. This also resulted in completion of the acquisition of KLE Products referred to above and the issue of the additional shares and options in the Company approved by shareholders on 18 December 2015.

Voltage IP Limited**30 June 2016****Statement of Comprehensive Income
For the year ended 30 June 2016**

		2016	10 months ended 2015
	Note	\$	\$
Revenue from continuing operations	4	7,964,580	9,133,144
Cost of Goods Sold		(5,561,076)	(7,272,955)
Gross Margin		2,403,504	1,860,189
Other income	5	159,935	15,315
Expenses			
General and Administration fees	6	(1,322,449)	(422,724)
Legal and Professional fees		(65,902)	(35,988)
Secretarial and Share Registry fees		(20,038)	-
Listing expense		(499,994)	-
Other expenses	6	(45,843)	-
Finance costs		(343,181)	(201,087)
		(2,297,408)	(659,799)
Profit before income tax from continuing operations		266,031	1,215,705
Income tax expense		(316,257)	(342,815)
Profit/(loss) after income tax from continuing operations		(50,226)	872,890
Other comprehensive income for the year, net of tax		-	-
Exchange differences		(93,080)	27,572
Total comprehensive profit/(loss) for the year		(143,306)	900,462
Earnings per share from continuing operations attributable to owners of Voltage IP Limited			
Basic earnings per share (cents)	16	(0.08)	0.01
Diluted earnings per share (cents)	16	(0.08)	0.01

The above preliminary statement of comprehensive income is to be read in conjunction with the accompanying notes.

Voltage IP Limited**30 June 2016****Statement of Financial Position****As at 30 June 2016**

	Note	2016 \$	2015 \$
Assets			
Current assets			
Cash and cash equivalents	7	414,527	15,469
Financial assets	8	112,401	121,305
Trade and other receivables	9	4,829,197	5,486,278
Inventories	10	2,576,587	2,170,540
Other Assets	11	91,692	46,685
Total current assets		8,024,404	7,840,277
Non-current assets			
Property, plant and equipment	12	8,459,744	3,943,890
Total non-current assets		8,459,744	3,943,890
Total assets		16,484,148	11,784,167
Liabilities			
Current liabilities			
Trade and other payables	13	6,847,313	5,533,238
Financial liabilities	14	1,010,732	1,292,672
Tax payable		579,158	543,133
Total current liabilities		8,437,203	7,369,043
Non-current liabilities			
Financial liabilities	14	1,377,380	1,080,302
Deferred tax liabilities		80,923	29,997
Total non-current liabilities		1,458,303	1,110,299
Total liabilities		9,895,506	8,479,342
Net assets/(liabilities)		6,588,642	3,304,825
Equity			
Issued capital	15	4,273,937	847,429
Foreign currency translation reserve		(65,508)	27,572
Retained profits		2,380,213	2,429,824
Total equity		6,588,642	3,304,825

The above preliminary statement of financial position is to be read in conjunction with the accompanying notes.

Voltage IP Limited**30 June 2016****Statement of Cash Flows****For the year ended 30 June 2016**

		2016	10 months ended 2015
	Note	\$	\$
Cash flows from operating activities			
Receipts from customers		8,791,357	7,912,355
Payments to suppliers and employees		(6,952,925)	(6,564,359)
Interest received		-	201
Interest paid		(206,310)	(123,294)
Tax refund/(paid)		(229,306)	(85,571)
Net cash used in operating activities	17	<u>1,402,816</u>	<u>1,139,332</u>
Cash flows from investing activities			
Payment for property, plant and equipment		(4,634,612)	(132,806)
Proceeds from sale of property, plant and equipment		26,151	11,642
Proceeds from sale/(purchase) of financial assets		8,904	(121,305)
Acquisition of subsidiary, net cash acquired		(3,353)	-
Net cash used in investing activities		<u>(4,602,910)</u>	<u>(242,469)</u>
Cash flows from financing activities			
Proceeds from issue of shares		3,526,600	-
Proceeds from /(Repayment of) financial liabilities		682,558	(247,188)
Share issue transaction costs		(471,083)	-
Dividends paid		-	(349,150)
Net cash provided by / (used in) financing activities		<u>3,738,075</u>	<u>(596,338)</u>
Net increase/(decrease) in cash and cash equivalents held		537,981	300,525
Cash and cash equivalents at beginning of financial year		15,469	(279,304)
Exchange rate movement		(138,923)	(5,752)
Cash and cash equivalents at end of financial year		<u>414,527</u>	<u>15,469</u>

The above preliminary statement of cash flows is to be read in conjunction with the accompanying notes.

Voltage IP Limited**30 June 2016****Statement of Changes in Equity****For the year ended 30 June 2016**

	Issued Capital	Foreign Currency Translation	Accumulated Losses	Total
	\$	\$	\$	\$
Balance at 1 July 2014	847,429	-	1,556,934	2,404,363
Profit after tax	-	-	872,890	872,890
Other comprehensive income for the year, net of tax	-	27,572	-	27,572
Total comprehensive profit for the year	-	27,572	872,890	900,462
<i>Transactions with owners in their capacity as owners:</i>				
	-	-	-	-
Balance at 30 June 2015	<u>847,429</u>	<u>27,572</u>	<u>2,429,824</u>	<u>3,304,825</u>
Balance at 1 July 2015	847,429	27,572	2,429,824	3,304,825
Profit/(loss) after tax	-	-	(50,226)	(50,226)
Other comprehensive income for the year, net of tax	-	(93,080)	-	(93,080)
Total comprehensive Profit for the year	-	(93,080)	(50,226)	(143,306)
<i>Transactions with owners in their capacity as owners:</i>				
Issue of IPO shares, net of costs	3,055,517	-	-	3,055,517
Issue to KLE vendors	370,991	-	-	370,991
	<u>2,426,508</u>	<u>-</u>	<u>-</u>	<u>3,426,508</u>
Balance at 30 June 2016	<u>4,273,937</u>	<u>(65,508)</u>	<u>2,380,213</u>	<u>6,588,642</u>

The preliminary statement of changes in equity is to be read in conjunction with the accompanying notes.

Voltage IP Limited

30 June 2016

Notes to the Financial Statements

1. Statement of Significant Accounting Policies

This preliminary final report has been prepared in accordance with ASX Listing Rule 4.3A and the disclosure requirements of ASX Appendix 4E. This report is to be read in conjunction with any public announcements made by the Company during the reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001 and Listing Rules.

The financial report, comprising the financial statements and notes of the Company and its controlled entities, complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

2. Material factors affecting the economic entity for the current period

The acquisition of KLE Products is recognised as a reverse takeover transaction. The FY15 comparative reporting period is for a 10-month period ended 30 June 2015 as the KLE Products financial year commenced on 1 September 2014 and is a continuation of the audited accounts for KLE Products, the accounting acquirer.

Other than the above, there has not been in the interval between the end of the financial period and the date of this report any other item, transaction or event of a material and unusual nature likely, in the opinion of the Company, to significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company, in future financial years.

The functional and presentation currency of the Company is Australian Dollars.

3. Segment Information (Appendix 4E Item 14.4)

The Company operated in Australia and Malaysia and operated as one reporting segment as determined by the Chief Decision Maker.

Voltage IP Limited**30 June 2016****Notes to the Financial Statements (continued)****4. Revenue**

	2016	10 months ended 2015
	\$	\$
Total Revenue	<u>7,964,580</u>	<u>9,133,144</u>

5. Other Revenue

	2016	10 months ended 2015
	\$	\$
Other revenue	70,774	1,061
Interest revenue	-	245
Rental income	79,740	-
Discount received	9,421	801
Gain on foreign exchange	-	13,208
	<u>159,935</u>	<u>15,315</u>

6. Expenses

	2016	10 months ended 2015
	\$	\$
General and Administration expenses:		
Employee wages and related costs	229,916	17,707
Directors fees	259,812	20,629
Doubtful debts	212,169	-
Bad debts	40,945	-
Depreciation of office equipment	12,529	85,768
Other Administration expenses	567,077	298,620
	<u>1,322,448</u>	<u>422,724</u>
Depreciation included in cost of sales	80,079	62,242
Other expenses:		
Foreign exchange losses	45,843	-
	<u>45,843</u>	<u>-</u>

Voltage IP Limited**30 June 2016****Notes to the Financial Statements (continued)****7. Cash and Cash Equivalents**

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

	2016	2015
	\$	\$
Cash at bank	414,527	15,469
	414,527	15,469

8. Financial Assets

	2016	2015
	\$	\$
Deposits	112,401	121,305
	112,401	121,305

9. Trade and Other Receivables

	2016	2015
	\$	\$
Trade Debtors	4,646,921	5,549,222
Less Provision for Doubtful Debts	(179,519)	(83,818)
	4,467,403	5,465,404
Other receivables	361,794	20,874
	4,829,197	5,486,278

10. Inventories

	2016	2015
	\$	\$
Raw materials	367,697	206,820
Work in Progress	692,887	374,780
Finished Goods	1,516,003	1,588,940
Less provision for impairment	-	-
	2,576,587	2,170,540

11. Other Assets

	2016	2015
	\$	\$
Deposits	87,087	46,449
Prepayments	4,606	237
	91,693	46,686

Voltage IP Limited**30 June 2016****Notes to the Financial Statements (continued)****12. Property, Plant and Equipment**

	2016	2015
	\$	\$
Leasehold improvements	3,722,585	3,348,929
Machinery, plant and equipment	3,487,513	541,718
Office equipment and furniture and fittings	26,783	1,308
Motor vehicles	27,897	51,935
Capital works and Machinery in progress	1,194,966	-
	8,459,744	3,943,890

13. Trade and Other Payables

	2016	2015
	\$	\$
Trade payables	6,026,486	2,762,704
Payable to a Director	204	-
GST payable	20,099	-
Other payables and accruals	800,524	2,770,534
	6,847,313	5,533,238

14. Financial Liabilities

	2016	2015
	\$	\$
Current		
Borrowings (1)	-	667,421
Hire purchase loans	67,903	123,821
Overdraft	942,829	501,430
	1,010,732	1,292,672

	2016	2015
	\$	\$
Non- Current		
Borrowings (1)	1,377,380	1,080,302
	1,377,380	1,080,302

1. Borrowings represent loans from financial institutions on normal commercial terms.

Voltage IP Limited

30 June 2016

Notes to the Financial Statements (continued)

15. Issued Capital (Appendix 4E Item 14.6)

	2016 Shares	2015 Shares	2016 \$	2015 \$
Ordinary shares fully paid	321,391,596	81,475,757	4,273,937	847,429
	321,391,596	81,475,757	4,273,937	847,429

	2016 Number of shares	2016 \$	2015 Number of shares	2015 \$
Movement in ordinary shares				
Opening balance at beginning of period	81,475,757	847,429	81,475,757	847,429
Consolidation (1)	(78,216,909)	-	-	-
Cancellation of shares (2)	(2,291,101)	-	-	-
	967,747	-	-	-
Issue of shares on debt conversion (3)	15,000,000	-	-	-
Issue of shares on debt conversion (4)	24,365,549	-	-	-
Issue of shares on acquisition (5)	210,526,300	370,991	-	-
IPO Capital raising (6)	70,532,000	3,526,600	-	-
Capital raising costs (7)	-	(471,083)	-	-
Closing balance at end of period	321,391,596	4,273,937	81,475,757	847,429

1. On 18 December 2015, shareholders approved a consolidation of share capital on the basis of 1 share for every 25 held;
2. On 18 December 2015, shareholders approved the cancellation of 2,291,101 ordinary shares from the capital of the Company.
3. Convertible Notes were converted to ordinary shares at \$0.03 per share on successful completion of the capital raising under the Replacement Prospectus.
4. Certain debts of the Company were converted to ordinary shares at \$0.03 per share on successful completion of the capital raising under the Replacement Prospectus.
5. Ordinary shares were issued to vendor shareholders of KLE Products on successful completion of the capital raising under the Replacement Prospectus.
6. Ordinary shares were issued to applicant shareholders at \$0.05 per share under the public offer in the Replacement Prospectus.
7. Capital raising costs were incurred in respect of the preparation of, and completion of the offers under, the Replacement Prospectus.

Voltage IP Limited**30 June 2016****Notes to the Financial Statements (continued)****16. Earnings per Share (Appendix 4E Item 14.1)**

	2016	2015
	No.	No.
Weighted average number of ordinary shares outstanding during the year used in calculating basic earnings per share	174,060,803	81,475,757
Weighted average number of ordinary shares outstanding during the year used in calculating diluted earnings per share	174,060,803	81,475,757

17. Reconciliation of Net Profit After Tax to Cash Flows from Operating Activities

	2016	2015
	\$	\$
Net profit/(loss) after tax	(50,226)	872,890
Add back/(deduct)		
Non-cash items:		
Bad debt	(40,945)	-
Doubtful debts expense	212,169	-
Depreciation	92,608	85,768
Disposal of fixed assets – (Gain)/Loss	-	801
Share based payment	370,991	-
Foreign exchange differences	93,080	-
Change in operating assets & liabilities:		
(increase)/decrease in Trade and other receivables	75,523	-
(Increase)/decrease in inventories	7,421	179,873
(Increase)/decrease in Other Debtors	95,701	-
(decrease)/increase in Trade and Other Payables	546,494	-
Cash inflow from operations	1,402,816	1,139,332

18. Controlled Entities Acquired (Appendix 4E Item 10)

During the year the controlled entities acquired by the Company were:

	Country of Incorporation	Date acquired	Ownership %
Parent entity			
Voltage IP Limited	Australia	-	parent
Name of Controlled Entity			
KLE Products SDN. BHD.	Malaysia	28 January 2016	100%
VIP Glove SDN. BHD.	Malaysia	4 April 2016	100%