VOLTAGE IP

Voltage IP Limited

ABN 83 057 884 876

Annual Report

For the year ended 30 June 2016

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Contents

Corporate Information

Directors

Frank Licciardello - Chairman
Wee Min Chen - Managing Director
Ai Ling Chong
Craig Sanford

Company Secretary

Andrew Metcalfe

Registered Office

Level 2
470 Collins Street
Melbourne VIC 3000

Postal Address

Level 2
470 Collins Street
Melbourne VIC 3000

Principal place of business

No. 17 Jalan Perusahaan 1,
Kawasan Perusahaan
Beranang
43700 Beranang
Selangor Darul Ehsan
Malaysia

Share Registry

Boardroom Limited
Level 7
207 Kent Street
Sydney NSW 2000
Investor phone number:
(Australia) 1300 737 760
Investor phone number:
(Overseas) +61 (0) 2 9290 9600

Auditors

RSM Australia Partners
Level 21, 55 Collins Street
Melbourne VIC 3000

Bankers

Westpac Banking Corporation Ltd
Melbourne, Australia

Hong Leong Bank
Kuala Lumpur, Malaysia

Solicitors

Sierra Legal Pty Ltd
Level 10, 446 Collins St
Melbourne, Vic, 3000

Stock Exchange

Voltage IP Limited shares are listed on the
Australian Securities Exchange
(ASX code: VIP)

Country of Incorporation

Australia

Corporate Governance Statement

http://voltageip.com.au/investor-centre/

Directors' Report

The Board of Directors presents the following report on Voltage IP Limited ("VIP" or "the Company") and its controlled entities (referred to hereafter as "the consolidated entity") for the financial year ended 30 June 2016.

Directors

The following persons were Directors of the consolidated entity during the financial year and up to the date of this report. Directors were in office for this entire period unless stated otherwise.

Francesco (Frank) Licciardello (Non-Executive Chairman) - appointed 18 November 2015
Wee Min Chen (Managing Director) – appointed 28 January 2016
Ei Ling Chong (Non-Executive Director) – appointed 28 January 2016
Craig Sanford (Non-Executive Director) – appointed 28 January 2016

Pok Seng Kong – resigned 17 November 2015
Chin Hing How – resigned 28 January 2016
Henry Hon Fai Choo – resigned 28 January 2016

Principal activities

The principal activity of the Company during the financial year was the issue of a Replacement Prospectus offer, completing the acquisition of KLE Products Sdn Bhd ("KLE") on 28 January 2016, a Malaysian engineering company, and establishing a rubber glove manufacturing business in Malaysia under a new wholly-owned subsidiary of the Company, VIP Glove Sdn Bhd ("VIP Glove").

Dividends

The Directors did not pay any dividends during the period. The Directors do not recommend the payment of a dividend in respect of the half-year ending on 31 December 2016.

Review of Operations and Financial Results

As detailed in the Company's replacement prospectus dated 22 December 2015 ("Replacement Prospectus"), VIP has historically operated as an investment company, with a particular focus on investments in the technology sector. Until the acquisition of KLE earlier this year the Company had not held any investments in active businesses since 2009 (and has been effectively dormant since then). After a number of years of evaluating potential acquisition opportunities, VIP entered into a share purchase agreement and acquired 100% of the issued shares in KLE.

KLE is a Malaysian based engineering group that manufactures roller conveyor chain systems and components to customer specifications, to primarily service the rubber glove manufacturing industry.

The share purchase agreement referred to above relating to the acquisition of KLE, was entered into on 28 August 2015. Under that agreement, VIP agreed to acquire all the ordinary shares in KLE and in return issue 210,526,300 fully paid ordinary shares and 20,000,000 options in the Company to the shareholders of KLE, subject to meeting certain conditions precedent, including raising capital via the Replacement Prospectus. This acquisition is now complete (see below).

In September 2015 and November 2015, the Company entered into Loan and Convertible Note Agreements for $250,000 and $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).

Directors’ Report (continued)

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. On completion of the cancellation of ordinary shares and consolidation of capital the Company had 967,747 ordinary shares on issue. In addition, the Company sought and received shareholder approval to issue 210,526,300 fully paid ordinary shares and 20,000,000 options (exerciseable at $0.10 per share, within a 3 year period) to the KLE 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 (exerciseable at $0.10 per share, within a 3 year period) to the Company’s corporate advisor (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 referred to above and the issue of the additional shares and options in the Company approved by shareholders on 18 December 2015.

The Company’s ordinary shares were re-quoted on the ASX on 2 February 2016.

As at 30 June 2016, the Company had 321,391,596 ordinary shares on issue.

Revenue from ordinary activities for the Reporting Period was $7,964,580 (10-month period ending 30 June 2015: $9,133,144) and gross profit was $2,383,533 (2015: $1,860,188). Gross margin percentage increased to 30% (10-month period ending 30 June 2015: 20%).

The loss after income tax for the reporting period was $50,226 (2015: profit $872,890).

The loss after income tax reflects the accounting treatment of the acquisition by the Company described in Note 2 to the Consolidated Financial Statements.

Share based payments expenses totaling $428,924 (2015: $nil) represent the excess of consideration paid by KLE (as the accounting acquirer) over the fair value of the net assets acquired of the Company.

Directors' Report (continued)

The acquisition of KLE did not meet the definition of a business combination in accordance with AASB 3 Business Combinations. Instead the acquisition has been treated as a group recapitalisation, using the principles of reverse acquisition accounting in AASB 3 Business Combinations given the substance of the transaction is that the Company has effectively been recapitalised. Accordingly, the consolidated financial statements have been prepared as if KLE had acquired the Company and not vice-versa as represented by the legal position. The recapitalisation is measured at the fair value of the equity instruments that would have been given by KLE to have exactly the same percentage holding in the new structure at the date of the transaction. Accordingly, the statement of profit or loss and other comprehensive income reflects the twelve months of trading of KLE and the trading of VIP (the parent company and legal acquirer of KLE) from 1 February 2016.

The impact of the group restructure on each of the primary statements is as follows:

Statement of Profit or Loss and Other Comprehensive Income

- The 30 June 2016 statement of profit or loss and other comprehensive income comprises twelve months of KLE and the period since 1 February 2016 of VIP.
- The 30 June 2015 comparative statement of profit or loss and other comprehensive income comprises ten months of KLE.

Statement of Financial Position

- The statement of financial position as at 30 June 2016 represents both VIP and KLE.
- The comparative statement of financial position at 30 June 2015 represents KLE.

Statement of Changes in Equity

- The 30 June 2016 statement of changes in equity comprises KLE's equity balance at 1 July 2015, its loss for the period and transactions with equity holders for the twelve-month period to 30 June 2016. It also comprises VIP's transactions with equity holders since 1 February 2016 and the equity balances of VIP and KLE as at 30 June 2016.
- The 30 June 2015 comparative statement of changes in equity comprises ten months of KLE only.

Statement of Cashflows

- The 30 June 2016 statement of cashflows comprise twelve months of KLE and the period since 1 February 2016 of VIP.
- The 30 June 2015 comparative statement of cashflows comprises ten months of KLE only.

Directors’ Report (continued)

As the activities of VIP would not constitute a business based on the requirements of AASB 3, the acquisition of KLE has been accounted for as a share based payment under AASB 2. The excess of the deemed consideration over the fair value of VIP, as calculated in accordance with the reverse acquisition accounting principles and with AASB 2, is considered to be a payment for a group restructure and has been expensed.

Concurrent with the acquisition of KLE, VIP successfully raised $3.526 million through the Replacement Prospectus offering of 70,532,000 new ordinary shares issued at $0.05 per share and re-complied with the ASX listing rules.

VIP’s acquisition of 100% of the issued capital of KLE on 28 January 2016 resulted in the Company issuing 249,891,849 ordinary shares as follows:

* 210,526,300 shares at $0.03 per share were issued to shareholders of KLE to acquire 100% of KLE.

* 15,000,000 shares were issued at an issue price of $0.03 per share on conversion of convertible notes issued to raise $450,000 (before costs) to cover expenses of the acquisition of KLE and issue of the Replacement Prospectus.

* 24,365,549 shares were issued at an issue price of $0.03 per share on conversion of certain debts owed by the Company.

In addition, 23.5 million options were issued, exercisable at 10 cents each expiring on 29 January 2019.

As VIP is deemed to be the acquiree for accounting purposes, the carrying values of its assets and liabilities are required to be recorded at fair value for the purposes of the KLE acquisition. No adjustments were required to the historical values to effect this change.

	$
Consideration:	
210,526,300 fully paid ordinary vendor shares	370,991
Total value of consideration	370,991
Fair value of Voltage IP at acquisition:	
Bank overdraft	(3,353)
Trade and other receivables	-
Trade and other payables	(34,580)
Borrowings	(20,000)
Fair value of net assets	(57,933)
Excess of consideration provided over the fair value of net assets at the date of acquisition expensed, being share based payments expense on acquisition	428,924

During the reporting period, the Company completed an Unmarketable Parcel Sale of shares resulting in the reduction of 592 shareholders and reduction in the administration costs going forward.

Directors' Report (continued)

The functional and presentation currency of the Company is Australian Dollars. The functional currency of KLE is Malaysian Ringgit and the financial statements have been converted into the functional currency of the Company.

Significant changes in the state of affairs

During the reporting period, the Company incorporated VIP Glove in Malaysia, as a 100% subsidiary of VIP. VIP Glove commenced the establishment of two rubber glove manufacturing lines using funds raised from the Company's Replacement Prospectus.

Other than the above, there are no other significant changes in the state of affairs of the Company.

Matters subsequent to the end of the financial year

On 26 September 2016, the Company completed a convertible note capital raising via the allotment of 17,028,079 Convertible Notes to applicants at $0.15 per share, to raise $2,556,612 with each note having a coupon rate of 8% per annum and able to be converted by the Company to ordinary shares within 8 months after the note issue date, subject to certain conditions being satisfied.

Other than the above, no matter or circumstance has arisen since the end of the financial year which has significantly affected or may significantly affect the Company's operations or results in future years, or the company's state of affairs in future years.

Environmental regulation

The Company's operations are not subject to any significant environmental regulations under the law of the Commonwealth and State in Australia and Malaysia.

To the extent that any environmental regulations may have an incidental impact on the Company's operations, the Directors of the Company are not aware of any breach by the Company of those regulations.

Likely developments and expected results of operations

The Company plans to develop a third rubber glove manufacturing line in Malaysia and continue to implement the business strategy advised to shareholders in the Replacement Prospectus.

Directors' Report (continued)

Additional information

The earnings of the consolidated entity for the five years to 30 June 2016 are summarised below:

	2012 $	2013 $	2014 $	2015 $	2016 $
Revenue and other income	134	17	-	245	7,964,580
Profit/(Loss) before interest and tax	(260,655)	106,054	(84,202)	(127,356)	266,031
Profit/(Loss) after income tax	(260,655)	106,054	(84,202)	(127,356)	(50,226)

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2012 $	**2013** $	**2014** $	**2015** $	**2016** $
Share price at financial year end ($A)	-	-	-	-	0.18
Basic earnings per share (cents per share)	-	-	-	-	(0.03)

In the financial year ending 30 June 2012 until 1 February 2016, the Company's shares were suspended from trading on the ASX.

Directors Report (continued)

Information on Directors

Director Name & Title	-	Frank Licciardello (Non-executive Chairman)
Special responsibilities	-	None
Qualifications	-	B.Business - Major Accounting and Minor Law
Experience	-	Mr. Licciardello has more than 18 years' executive management experience through general management, CEO, and Managing Director roles across a range of companies and industries for ASX Listed companies. He has worked on projects across Asia-Pacific, North America and Europe. Frank is currently the co-owner and executive director of Sanston Securities Australia Pty Ltd, a boutique corporate advisory firm headquartered in Melbourne specializing in capital raisings, IPOs, RTOs and mergers and acquisition advisory work. Mr. Licciardello is currently the Chairman of Faster Enterprises Ltd (ASX: FE8) and Majestic Horizon Holdings Ltd and a non-executive director of Westar Industrial Limited (ASX: WSI) Limited (ASX: VIP) and Elk Orthobiologics Ltd. In the last three years Mr. Licciardello was previously chairman of Frontier Capital Group Ltd (ASX: FCG) and Sino Excel Energy Ltd (ASX: SLE) and is currently a director of several other private companies in Australia and South East Asia.
Direct interest in shares and options	-	Nil
Indirect interest in shares and options	-	3,500,000 options
Contractual rights	-	None
Other current public directorships	-	ELK Orthobiologics Limited, Westar Industrial Limited (Formerly Antares Mining Limited), Faster Enterprises Limited, Majestic Horizon Holdings Limited,
Former public directorships held in past three years	-	Sino Excel Energy Limited, Frontier Capital Group Limited, Rio Perdido Gold Limited

Director Name & Title	-	Wee Min Chen (Managing Director)
Special responsibilities	-	Chief Executive Officer
Qualifications	-	Secondary Education Malaysia
Experience	-	30 years in metal fabrication, machinery, tools and die design
Direct interest in shares and options		96,842,098 shares and 9,200,000 options
Indirect interest in shares and options	-	None
Contractual rights	-	None
Other current directorships	-	None
Former directorships held in past three years	-	None

Directors Report (continued)

Information on Directors (cont'd)

Director Name & Title	-	Craig Sanford
Special responsibilities	-	None
Qualifications	-	BA (Law) and BSc (Monash University)
Experience	-	Practicing corporate lawyer with over 24 years of legal, corporate and commercial experience. He was previously a lawyer with the commercial law firm Middletons (now K&L Gates) for 19 years (10 years as a Partner). He is now the Managing Director of Sierra Legal Pty Ltd (a national legal firm in Australia specialising in corporate and commercial law).
Direct interest in shares and options	-	Nil
Indirect interest in shares and options	-	Nil
Contractual rights	-	None
Other current directorships	-	Hawksburn Capital & Advisory Pty Ltd (a corporate advisory firm with AFSL no. 343749), Sierra Corporate Pty Ltd, Simoco Australasia Pty Ltd, Innoveren Pty Ltd and Majestic Horizon Holdings Ltd.
Former directorships held in past three years	-	Sino Excel Energy Limited

Director Name & Title	-	Ai Ling Chong
Special responsibilities	-	None
Qualifications	-	B.Bus (Marketing, Finance and Management)
Experience	-	9 years of experience in the medical devices industry currently holding the position of Commercial Operations Manager at Hill-Rom Company, Inc. and Marketing Executive at KLE Products. Broad range of experience in supply chain, marketing and business administration.
Direct interest in shares and options	-	Nil
Indirect interest in shares and options	-	Nil
Contractual rights	-	None
Other current directorships	-	None
Former directorships held in past three years	-	None

Directors Report (continued)

Meetings of directors

The number of Directors' meetings and number of meetings attended by each of the Directors of the Company during the period are:

	Full Board	
	Number of Meetings Eligible to Attend	**Number of Meetings Directors' attended**
Number of Meetings Held	5	
Number of Meetings Attended		
Director		
Frank Licciardello	5	5
Wee Min Chen	5	5
Ai Ling Chong	5	5
Craig Sanford	5	5
Pok Seng Kong	-	-
Chin Hing How	-	-
Henry Hon Fai Choo	-	-

Resolutions passed by Circular Resolution of the Board are not reported in the above table.

Retirement, election and continuation in office of directors

In accordance with the Constitution, one Director will retire at the annual general meeting and, being eligible, offer himself or herself for re-election.

Company secretary

Andrew Metcalfe (B.Bus, CPA, FGIA, MAICD) is a qualified accountant with over 25 years' experience across a variety of industry sectors, holding the position of Company Secretary, governance advisor and CFO for a number of ASX listed entities and unlisted public entities in sectors including property, resources, energy, retail, telecommunications and technology. Andrew is employed by Accosec & Associates and assists the company in company secretarial practice and procedures and governance issues. Mr. Metcalfe has held the role since May 2009.

Directors Report (continued)

Remuneration Report (Audited)

The remuneration report details the key management personnel remuneration arrangements for the consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration

The objective of the consolidated entity's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- Transparency

Given the size and nature of the Company and the Board, the Board has elected not to establish a Remuneration Committee and instead discharges such responsibilities usually delegated to a Remuneration Committee itself. The Board has adopted a Remuneration Policy to provide guidance as to the principles to be considered in determining the nature and amount of remuneration payable to directors, executives and senior management.

The reward framework is designed to align executive reward to shareholders' interests. The Board have considered that it should seek to enhance shareholders' interests by:

- having economic profit as a core component of plan design
- focusing on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value
- attracting and retaining high calibre executives

Additionally, the reward framework should seek to enhance executives' interests by:

- rewarding capability and experience
- reflecting competitive reward for contribution to growth in shareholder wealth
- providing a clear structure for earning rewards

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

Directors Report (continued)

Remuneration Report (Audited)

Non-executive director remuneration
Non-executive Directors' fees and payments are reviewed regularly by the Board in light of demands of the Directors from time to time and the financial condition of the Company.

Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors do not receive share options or other incentives as part of fees paid for services provided.

ASX listing rules require the aggregate non-executive directors' remuneration be determined periodically by a general meeting. The most recent determination was at the Annual General Meeting held on 18 December 2015, where the shareholders approved a maximum annual aggregate remuneration of $250,000.

A Director may also be paid fees or other amounts as the Directors determines if a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. No additional fees were paid to any Director during the financial period.

A Director may also be reimbursed for out of pocket expenses incurred as a result of their Directorship or any special duties.

Executive remuneration
As a policy, in determining executive remuneration, the Board would endeavour to ensure that remuneration practices are:

- competitive and reasonable, enabling the Company to attract and retain key talent;
- aligned to the Company's strategic and business objectives and the creation of shareholder value;
- transparent; and
- acceptable to shareholders.

The consolidated entity aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

As the Company reviews and develops its remuneration structure, the executive remuneration and reward framework will include four components:
- base pay and non-monetary benefits
- short-term performance incentives
- share-based payments
- other remuneration such as superannuation and long service leave

The combination of these comprises the executive's total remuneration.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the consolidated entity and provides additional value to the executive.

Directors Report (continued)

Remuneration Report (Audited)

Consolidated entity performance and link to remuneration
As the Company has not yet developed a reward framework, remuneration for certain individuals is not directly linked to the performance of the consolidated entity at the date of this report.

Use of remuneration consultants
During the financial year ended 30 June 2016, no remuneration consultants were engaged.

An agreed set of protocols were put in place to ensure that the remuneration recommendations would be free from undue influence from key management personnel. These protocols include requiring that the consultant not communicate with affected key management personnel without a member of the Nomination and Remuneration Committee being present, and that the consultant not provide any information relating to the outcome of the engagement with the affected key management personnel. The Board is also required to make inquiries of the consultant's processes at the conclusion of the engagement to ensure that they are satisfied that any recommendations made have been free from undue influence. The Board is satisfied that these protocols were followed and as such there was no undue influence.

Voting and comments made at the company's 2015 Annual General Meeting ('AGM')
At the 2015 AGM, 97.9% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2015. The company did not receive any specific feedback at the AGM regarding its remuneration practices.

Details of Remuneration
Amounts of remuneration
Details of the remuneration of key management personnel of the consolidated entity are set out in the following tables. The key management personnel of the consolidated entity consisted of the following directors of Voltage IP Limited:

- Frank Licciardello, Chairman (appointed 18 November 2015)
- Wee Min Chen, Managing Director (appointed 28 January 2016)
- Ai Ling Chong, Director (appointed 28 January 2016)
- Craig Sanford, Director (appointed 28 January 2016)
- Pok Seng Kong, Director (resigned 17 November 2015)
- Chin Hing How, Director (resigned 28 January 2016)
- Henry Hon Fai Choo, Director (resigned 28 January 2016)

And the following key management personnel:
- Andrew Metcalfe, Company Secretary and Chief Financial Officer
- Alan Ng, Chief Financial Officer of KLE Products Sdn Bhd
- Ei Ling Chong, Executive Director of KLE Products Sdn Bhd
- Kay Wen Chen, Executive Director of KLE Products Sdn Bhd
- Wei Kee ‘Ricky’ Chong, General Manager of Production of KLE Products Sdn Bhd

Directors Report (continued)

Remuneration Report (Audited)

		Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments		
2016		Cash salary and fees $	Cash bonus $	Non-monetary $	Super-annuation $	Long service leave $	Equity-settled shares $	Equity-settled options $	Total $
Non-Executive Directors:									
Frank Licciardello	1	24,708	-	-	-	-	-	-	24,708
Craig Sanford	2	8,760	-	-	-	-	-	-	8,760
Pok Seng Kong	3	-	-	-	-	-	-	-	-
Chin Hing How	4	-	-	-	-	-	-	-	-
Henry Hon Fai Choo	4	-	-	-	-	-	-	-	-
Executive Directors:									
Wee Min Chen	5	176,048	-	-	-	-	-	-	176,048
Ai Ling Chong	2	21,639	-	-	-	-	-	-	21,639
Other Key Management Personnel:									
Andrew Metcalfe	2	25,000	-	-	-	-	-	-	25,000
Alan Ng	5	22,466	-	-	-	-	-	-	22,466
Ei Ling Chong	5	42,639	-	-	-	-	-	-	42,639
Kay Wen Chen	5	37,733	-	-	-	-	-	-	37,733
Wei Kee ‘Ricky’ Chong	5	55,696	-	-	-	-	-	-	55,696
		414,689	-	-	-	-	-	-	414,689

1 Represents remuneration from 18 November 2015 to 30 June 2016
2 Represents remuneration from 29 January 2016 to 30 June 2016
3 Represents remuneration from 1 July 2015 to 17 November 2015
4. Represents remuneration from 1 July 2015 to 28 January 2016
5. Represents remuneration from 1 July 2015 to 30 June 2016

Directors Report (continued)

Remuneration Report (Audited)

2015	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments		
	Cash salary and fees $	Cash bonus $	Non-monetary $	Super-annuation $	Long service leave $	Equity-settled shares $	Equity-settled options $	Total $
Non-Executive Directors:								
Pok Seng Kong	-	-	-	-	-	-	-	-
Chin Hing How	-	-	-	-	-	-	-	-
Henry Hon Fai Choo	-	-	-	-	-	-	-	-
Other Key Management Personnel:								
Andrew Metcalfe	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-

No remuneration was paid in 2015 as the Company was dormant and unlisted.

The proportion of remuneration linked to performance and the fixed proportion are as follows:

Name	Fixed remuneration 2016	Fixed remuneration 2015	At risk - STI 2016	At risk - STI 2015	At risk – LTI 2016	At risk – LTI 2015
Non-Executive Directors:						
Frank Licciardello	100%	-	-	-	-	-
Craig Sanford	100%	-	-	-	-	-
Pok Seng Kong	-	-	-	-	-	-
Chin Hing How	-	-	-	-	-	-
Henry Hon Fai Choo	-	-	-	-	-	-
Executive Directors:						
Wei Min Chen	100%	-	-	-	-	-
Ai Ling Chong	100%	-	-	-	-	-
Other Key Management Personnel:						
Andrew Metcalfe	100%	-	-	-	-	-
Alan Ng	100%	-	-	-	-	-
Ei Ling Chong	100%	-	-	-	-	-
Kay Wen Chen	100%	-	-	-	-	-
Wei Kee ‘Ricky’ Chong	100%	-	-	-	-	-

Directors Report (continued)

Remuneration Report (Audited)

Service agreements
Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name:	Wee Min Chen
Title:	Managing Director
Agreement commenced:	15 January 2016
Term of agreement:	Not applicable
Details:	Base salary for the year ending 30 June 2016 of $185,185

Name:	Wee Kei 'Ricky' Chong
Title:	General Manager of Production – KLE Products Sdn Bhd
Agreement commenced:	15 January 2016
Term of agreement:	Not applicable
Details:	Base salary for the year ending 30 June 2016 of $92,592

Name:	Kay Wen Chen
Title:	Director – KLE Products Sdn Bhd
Agreement commenced:	15 January 2016
Term of agreement:	Not applicable
Details:	Base salary for the year ending 30 June 2016 of $46,465

Name:	Ai Ling Chong
Title:	Marketing Executive – KLE Products Sdn Bhd and Director – Voltage IP Ltd
Agreement commenced:	15 January 2016
Term of agreement:	Not applicable
Details:	Base salary for the year ending 30 June 2016 of $49,252

Name:	Ei Ling Chong
Title:	Director – KLE Products Sdn Bhd
Agreement commenced:	15 January 2016
Term of agreement:	Not applicable
Details:	Base salary for the year ending 30 June 2016 of $67,340

Name:	Andrew Metcalfe
Title:	Company Secretary & Chief Financial Officer
Agreement commenced:	29 January 2016
Term of agreement:	Not applicable
Details:	Base salary for the year ending 30 June 2016 of $52,000

Name:	Alan Ng
Title:	Chief Financial Officer – KLE products Sdn Bhd
Agreement commenced:	29 January 2016
Term of agreement:	Not applicable
Details:	Base salary for the year ending 30 June 2016 of $38,384

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

Directors Report (continued)

Remuneration Report (Audited)

Additional disclosures relating to key management personnel

Shareholding

The number of shares in the Company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

Name	Balance at the start of the year	Additions	Disposals	Received as remuneration	Balance as at the end of the year
Frank Licciardello	-	-	-	-	-
Wee Min Chen	-	96,842,098	-	-	96,842,098
Ai Ling Chong	-	-	-	-	-
Craig Sanford	-	-	-	-	-
Pok Seng Kong	-	-	-	-	-
Chin Hing How	-	-	-	-	-
Henry Hon Fai Choo	-	-	-	-	-
Andrew Metcalfe	-	2,052,025	-	-	2,052,025
Alan Ng	-	-	-	-	-
Ei Ling Chong	-	96,842,098	-	-	96,842,098
Kay Wen Chen	-	-	-	-	-
Wei Kee 'Ricky' Chong	-	-	-	-	-
	-	195,736,221	-	-	195,736,221

Option holding

The number of options over ordinary shares in the Company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
Options over ordinary shares					
Frank Licciardello (1)	-	3,500,000	-	-	3,500,000
Wee Min Chen	-	9,200,000	-	-	9,200,000
Ai Ling Chong	-	-	-	-	-
Craig Sanford	-	-	-	-	-
Pok Seng Kong	-	-	-	-	-
Chin Hing How	-	-	-	-	-
Henry Hon Fai Choo	-	-	-	-	-
Ei Ling Chong	-	9,200,000	-	-	9,200,000
Kay Wen Chen	-	-	-	-	-
Wei Kee 'Ricky' Chong	-	-	-	-	-
	-	21,900,000	-	-	21,900,000

Directors Report (continued)

Remuneration Report (Audited)

Other transactions with key management personnel and their related parties

(1) 3,500,000 options were issued to Sanston Securities Australia Pty Ltd, a company associated with Mr Frank Licciardello, on completion of the acquisition of KLE as part of the lead manager mandate with the Company.

No other transactions with key management personnel and their related parties occurred during the year ended 30 June 2016.

End of Remuneration Report

Directors Report (continued)

Shares under option
Unissued ordinary shares of VIP under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
28 January 2016	28 January 2019	$0.10	20,000,000
28 January 2016	28 January 2019	$0.10	3,500,000

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the Company or of any other body corporate.

Shares issued on the exercise of options

No ordinary shares of VIP were issued during the year ended 30 June 2016 and up to the date of this report on the exercise of options granted.

Indemnity and insurance of officers
The Company has agreed to indemnify the directors and executives of the Company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the directors and executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor
The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Proceedings on behalf of the Company
No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Directors Report (continued)

Non-audit services
There were no non-audit services provided during the financial year by the auditor (or by another person or firm on the auditor’s behalf).

Officers of the company who are former partners of RSM Australia Partners.
There are no officers of the Company who are former partners of RSM Australia Partners.

Auditor's independence declaration
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

Auditor
RSM Australia Partners continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2) (a) of the Corporations Act 2001.

On behalf of the directors

Frank Licciardello
Chairman

29 September 2016
Melbourne

RSM Australia Partners

Level 21, 55 Collins Street Melbourne VIC 3000
PO Box 248 Collins Street West VIC 8007

T +61 (0) 3 9286 8000
F +61 (0) 3 9286 8199

www.rsm.com.au

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Voltage IP Limited for the year ended 30 June 2016, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

RSM

RSM AUSTRALIA PARTNERS

J S CROALL
Partner

29 September 2016
Melbourne, Victoria

Statement of profit or loss and other comprehensive income
For the year ended 30 June 2016

	Note	2016 $	10 months ended 2015 $
Revenue	7	7,964,580	9,133,144
Cost of goods sold		(5,581,047)	(7,272,955)
Gross margin		2,383,533	1,860,189
Other income	8	159,935	15,315
Expenses			
General and administration fees	9	(1,302,322)	(422,724)
Legal and professional fees		(65,902)	(35,988)
Secretarial and share registry fees		(20,038)	-
Share based payments expense on acquisition	2	(428,924)	-
Other expenses	9	(116,913)	-
Finance costs		(343,338)	(201,087)
		(2,277,437)	(659,799)
Profit before income tax expense for the year		**266,031**	**1,215,705**
Income tax expense	10	(316,257)	(342,815)
Profit (Loss) after income tax expense for the year		**(50,226)**	**872,890**
Other comprehensive income for the year, net of tax			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		(92,464)	27,572
Total comprehensive income (loss) for the year		**(142,690)**	**900,462**
Earnings per share attributable to owners of Voltage IP Limited			
Basic earnings per share (cents)	21	(0.03)	0.01
Diluted earnings per share (cents)	21	(0.03)	0.01

The above statement of profit or loss and other comprehensive income is to be read in conjunction with the accompanying notes.

Statement of Financial Position
As at 30 June 2016

	Note	2016 $	2015 $
Assets			
Current assets			
Cash and cash equivalents	11	414,527	15,469
Financial assets	12	112,401	121,305
Trade and other receivables	13	4,829,197	5,486,278
Inventories	14	2,576,587	2,170,540
Other assets	15	91,693	46,685
Total current assets		8,024,406	7,840,277
Non-current assets			
Property, plant and equipment	16	8,459,744	3,943,890
Total non-current assets		8,459,744	3,943,890
Total assets		16,484,149	11,784,167
Liabilities			
Current liabilities			
Trade and other payables	17	4,069,584	4,691,895
Borrowings	18	3,788,461	2,134,015
Income Tax	10	579,158	543,133
Total current liabilities		8,437,203	7,369,043
Non-current liabilities			
Borrowings	18	1,377,380	1,080,302
Deferred tax	10	80,923	29,997
Total non-current liabilities		1,458,303	1,110,299
Total liabilities		9,895,506	8,479,342
Net assets		6,588,643	3,304,825
Equity			
Issued capital	19	4,273,937	847,429
Foreign currency translation reserve	20	(64,892)	27,572
Retained profits		2,379,598	2,429,824
Total equity		6,588,643	3,304,825

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

Statement of Changes in Equity
For the year ended 30 June 2016

	Issued Capital $	Foreign Currency Translation $	Retained Profits $	Total $
Balance at 1 Sept 2014	847,429	-	1,556,934	2,404,363
Profit after income tax expense for the year	-	-	872,890	872,890
Other comprehensive income for the year, net of tax	-	27,572	-	27,572
Total comprehensive income for the year	-	27,572	872,890	900,462
Balance at 30 June 2015	847,429	27,572	2,429,824	3,304,825
Balance at 1 July 2015	847,429	27,572	2,429,824	3,304,825
Profit after income tax expense for the year	-	-	(50,226)	(50,226)
Other comprehensive income for the year, net of tax	-	(92,464)	-	(92,464)
Total comprehensive income for the year	-	(92,464)	(50,226)	(142,690)
Transactions with owners in their capacity as owners:				
Issue of IPO shares	3,526,600	-	-	3,526,600
Share issue costs	(471,083)	-	-	(471,083)
Issue to KLE vendors	370,991	-	-	370,991
	3,426,508	-	-	3,426,508
Balance at 30 June 2016	4,273,937	(64,892)	2,379,598	6,588,643

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

Statement of Cash Flows
For the year ended 30 June 2016

	Note	2016 $	10 months ended 2015 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		8,658,050	7,912,355
Payments to suppliers and employees (inclusive of GST)		(8,021,880)	(6,564,359)
		636,171	1,347,996
Interest received		-	201
Interest paid		(206,467)	(123,294)
Income taxes paid		(229,306)	(85,571)
Net cash provided by operating activities	22	200,398	1,139,332
Cash flows from investing activities			
Payment for property, plant and equipment		(4,619,548)	(132,806)
Proceeds from sale of property, plant and equipment		-	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		(4,613,997)	(242,469)
Cash flows from financing activities			
Proceeds from issue of shares		3,526,600	-
Net proceeds/ (repayment of trust receipts		955,615	(4,513)
Net (repayment) of letter of credit/discounting line		-	(103,680)
Net proceeds/ (repayment) of banker acceptance		980,772	(133,724)
Net proceeds/(repayment) of term loan		297,078	(228,953)
Net (repayment) of hire purchase creditors		(55,918)	(105,607)
Proceeds from/(repayment of) borrowings from related parties		(816,424)	-
Share issue transaction costs		(471,083)	-
Dividends paid		-	(349,150)
Net cash provided by / (used in) financing activities		4,416,640	(925,627)
Net increase/(decrease) in cash and cash equivalents held		3,040	(28,764)
Cash and cash equivalents at beginning of financial year		(485,961)	(451,445)
Effect of exchange rate changes on cash and cash equivalents		(45,381)	(5,752)
Cash and cash equivalents at end of financial year/period	11	(528,302)	(485,961)

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

Notes to the Financial Statements
For the year ended 30 June 2016

1. General information

The financial statements cover Voltage IP Limited as a Group consisting of Voltage IP Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Voltage IP Limited's functional and presentation currency. Voltage IP Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office is:

Level 2
470 Collins Street
Melbourne VIC 3000

A description of the nature of the Group's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorized for issue, in accordance with a resolution of directors, on 29 September, 2016.

2. Reverse acquisition accounting

On 1 February 2016 KLE Products Sdn Bhd ("KLE") shareholders obtained a majority share in Voltage IP Limited after a reverse acquisition transaction. The transaction did not meet the definition of a business combination in AASB 3 "Business Combinations" as the net assets that existed within Voltage IP Limited did not represent a "business" (as defined by AASB 3). The transaction has therefore been accounted for in the consolidated financial statements by reference to the accounting requirements of AASB 2 "share-based payment" and AASB 3, as a deemed issue of shares which is, in effect, a share-based payment transaction whereby KLE has acquired the net assets of Voltage IP Limited, together with the listing status of Voltage IP Limited.

Under accounting standards, KLE is the accounting acquirer, and Voltage IP Limited is the legal acquirer. The transaction has been accounted for as a reverse acquisition with the consolidated financial statements of Voltage IP being prepared as a continuation of KLE.

KLE as the accounting acquirer has consolidated VIP from 1 February 2016. Therefore, the consolidated financial statements represent a continuation of the financial statements of KLE and reflect a full year of KLE results plus Voltage IP from the date of acquisition.

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

The acquisition is recognised as a reverse takeover and as a result the comparatives reflect the balances of KLE for the year ended 30 June 2015.

Notes to the Financial Statements
For the year ended 30 June 2016

2. Reverse acquisition accounting (continued)

The impact of the group restructure on each of the primary statements is as follows:

Statement of Profit or Loss and Other Comprehensive Income

- The 30 June 2016 statement of profit or loss and other comprehensive income comprises twelve months of KLE and the period since 1 February 2016 of Voltage IP Limited.

- The 30 June 2015 comparative statement of profit or loss and other comprehensive income comprises ten months of KLE.

Statement of Financial Position

- The statement of financial position as at 30 June 2016 represents both Voltage and KLE.

- The comparative statement of financial position at 30 June 2015 represents KLE.

Statement of Changes in Equity

- The 30 June 2016 statement of changes in equity comprises KLE's equity balance at 1 July 2015, its profit for the period and transactions with equity holders for the twelve months. It also comprises Voltage IP Limited's transactions with equity holders since 1 February 2016 and the equity balances of Voltage and KLE as at 30 June 2016.

- The 30 June 2015 comparative statement of changes in equity comprises ten months of KLE.

Statement of Cashflows

- The 30 June 2016 statement of cashflows comprise twelve months of KLE and the period from 1 February 2016 of Voltage IP Limited.

- The 30 June 2015 comparative statement of cashflows comprises ten months of KLE.

Notes to the Financial Statements
For the year ended 30 June 2016

2. Reverse acquisition accounting (continued)

Acquisition share based payment expense

On 28 January 2016 Voltage IP Limited acquired 100% of the share capital of KLE. Voltage IP Limited issued 210,526,300 shares to the original shareholders of KLE which resulted in the KLE original shareholders holding a majority share interest in Voltage IP Limited.

This transaction has been accounted for as a share-based payment in accordance with AASB 2 “share-based payment” and the consolidated financial statements represent a continuation of the financial statements of KLE. The comparative numbers represent those of the KLE operations and not those of Voltage IP Limited operations.

As Voltage is deemed to be the acquiree for accounting purposes, the carrying values of its assets and liabilities are required to be recorded at fair value for the purposes of the acquisition. No adjustments were required to the historical values to effect this change.

	$
Consideration:	
210,526,300 fully paid ordinary vendor shares	370,991
Total value of consideration	370,991
Fair value of Voltage IP Limited at acquisition:	
Bank overdraft	(3,353)
Trade and other receivables	-
Trade and other payables	(34,580)
Borrowings	(20,000)
Fair value of net assets	(57,933)
Excess of consideration provided over the fair value of net assets at the date of acquisition expensed, being share based payments expense on acquisition	428,924

In addition, 23.5 million options were issued, exercisable at 10 cents each expiring on 29 January 2019.

Notes to the Financial Statements (continued)
For the year ended 30 June 2016

3. Statement of significant accounting policies

The principle accounting policies adopted in the presentation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New, revised or amending Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 5.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 29.

Notes to the Financial Statements
For the year ended 30 June 2016

3. Statement of significant accounting policies (continued)

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Voltage IP Limited ('company' or 'parent entity') as at 30 June 2016 and the results of all subsidiaries for the year then ended. Voltage IP Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Foreign currency translation

The financial statements are presented in Australian dollars, which is Voltage IP Limited's functional and presentation currency. The functional currency of KLE is Malaysian Ringgit.

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Notes to the Financial Statements
For the year ended 30 June 2016

3. Statement of significant accounting policies (continued)

Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Revenue recognition

Revenue is recognised when it is probable that the economic benefit will flow to the consolidated entity and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Sale of goods

Sale of goods revenue is recognised at the point of sale, which is where the customer has taken delivery of the goods, the risks and rewards are transferred to the customer and there is a valid sales contract. Amounts disclosed as revenue are net of sales returns and trade discounts.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Notes to the Financial Statements (continued)
For the year ended 30 June 2016

3. Statement of significant accounting policies (continued)

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Notes to the Financial Statements (continued)
For the year ended 30 June 2016

3. Statement of significant accounting policies (continued)

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

Trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the consolidated entity will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Other receivables are recognised at amortised cost, less any provision for impairment.

Notes to the Financial Statements (continued)
For the year ended 30 June 2016

3. Statement of significant accounting policies (continued)

Inventories

Raw materials, work in progress and finished goods are stated at the lower of cost and net realisable value on a 'first in first out' basis. Cost comprises of direct materials and delivery costs, direct labour, import duties and other taxes, an appropriate proportion of variable and fixed overhead expenditure based on normal operating capacity, and, where applicable, transfers from cash flow hedging reserves in equity. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable.

Stock in transit is stated at the lower of cost and net realisable value. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. They are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on the purpose of the acquisition and subsequent reclassification to other categories is restricted.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership.

Impairment of financial assets

The consolidated entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulty of the issuer or obligor; a breach of contract such as default or delinquency in payments; the lender granting to a borrower concessions due to economic or legal reasons that the lender would not otherwise do; it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for the financial asset; or observable data indicating that there is a measurable decrease in estimated future cash flows.

The amount of the impairment allowance for financial assets carried at cost is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for similar financial assets.

Notes to the Financial Statements (continued)
For the year ended 30 June 2016

3. Statement of significant accounting policies (continued)

Property, plant and equipment
Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding freehold land) over their expected useful lives as follows:

Leasehold Land	88 years
Leasehold Buildings	50 years
Leasehold improvements	3-10 years
Plant and equipment	3-7 years
Plant and equipment under lease	2-5 years
Motor Vehicles	5 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements and plant and equipment under lease are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

Leases
The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to the ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the fair value of the leased assets, or if lower, the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability. Leased assets acquired under a finance lease are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the consolidated entity will obtain ownership at the end of the lease term.

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

Trade and other payables
These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Notes to the Financial Statements (continued)
For the year ended 30 June 2016

3. Statement of significant accounting policies (continued)

Borrowings
Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Finance costs
Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Provisions
Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Employee benefits
Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Share-based payments
Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price. The cost of equity-settled transactions is measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

Share-based payments
The cost of equity-settled transactions is recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Notes to the Financial Statements (continued)
For the year ended 30 June 2016

3. Statement of significant accounting policies (continued)

Employee benefits (continued)

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore, any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Notes to the Financial Statements (continued)
For the year ended 30 June 2016

3. Statement of significant accounting policies (continued)

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Dividends

Dividends are recognised when declared during the financial year and no longer at the discretion of the company.

Notes to the Financial Statements (continued)
For the year ended 30 June 2016

3. Statement of significant accounting policies (continued)

Business combinations
The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of; (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Notes to the Financial Statements (continued)
For the year ended 30 June 2016

3. Statement of significant accounting policies (continued)

Earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of Voltage IP Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Notes to the Financial Statements (continued)
For the year ended 30 June 2016

4. 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 consolidated entity for the annual reporting period ended 30 June 2016. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

AASB 9 Financial Instruments
This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI').

For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures.

The consolidated entity will adopt this standard from 1 July 2018 but the impact of its adoption is yet to be assessed by the consolidated entity.

AASB 15 Revenue from Contracts with Customers
This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue.

Notes to the Financial Statements (continued)
For the year ended 30 June 2016

4. New Accounting Standards and Interpretations not yet mandatory or early adopted (continued)

For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgments made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer.

The consolidated entity will adopt this standard from 1 July 2018 but the impact of its adoption is yet to be assessed by the consolidated entity.

AASB 16 Leases
This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured as the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred.

A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16.

For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

The consolidated entity will adopt this standard from 1 July 2019 but the impact of its adoption is yet to be assessed by the consolidated entity.

Notes to the Financial Statements (continued)
For the year ended 30 June 2016

5. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Share-based payment transactions
The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Provision for impairment of receivables
The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the recent sales experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtor's financial position.

Provision for impairment of inventories
The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

Notes to the Financial Statements (continued)
For the year ended 30 June 2016

5. Critical accounting judgements, estimates and assumptions (continued)

Estimation of useful lives of assets

The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Income tax

The consolidated entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liabilities for anticipated tax audit issues based on the consolidated entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Notes to the Financial Statements (continued)
For the year ended 30 June 2016

6. Operating segments

Identification of reportable operating segments
The directors have considered the requirements of AASB 8 – Operating Segments and the internal reports that are reviewed by the Chief Operating Decision Maker (the Board) in allocating resources and have concluded that at this time there are no separately identifiable segments.

During the period, the Company's considers that it has only operated in one segment, being a manufacturing and engineering business in Malaysia. However, the consolidated entity has operated across two geographical locations, Malaysia and Australia. The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements. The information reported to the CODM is on a monthly basis.

The Company is domiciled in Australia. Revenue from external customers is generated in Malaysia. Assets are located in Malaysia and Australia.

	2016				2015		
	Malaysia $	**Australia $**	**Elimination**	**Consolid-ation Total $**	**Malaysia $**	**Aust-ralia $**	**Total $**
Revenue	7,964,580	-	-	7,964,580	9,133,144	-	9,133,144
Other income	159,935	-	-	159,935	15,315	-	15,315
Earnings before Interest, Tax, Depreciation and Amortisation	1,264,911	(535,597)	-	729,315	1,564,802	-	1,564,802
Depreciation	(119,945)	-	-	(119,945)	(148,010)	-	(148,010)
Finance costs	(343,338)	-	-	(343,338)	(201,087)	-	(201,087)
Net Profit before Income tax expense	801,628	(535,597)	-	266,031	1,215,705	-	1,215,705
Income tax expense	(316,257)	-	-	(316,257)	(342,815)	-	(342,815)
Net Profit after income tax expense	485,371	(535,597)	-	(50,226)	872,890	-	872,890
Total assets	16,089,187	3,298,449	(2,903,487)	16,484,149	11,784,167	-	11,784,167
Total liabilities	12,054,900	35,266	(2,194,660)	9,895,506	8,479,342	-	8,479,342

Notes to the Financial Statements (continued)
For the year ended 30 June 2016

7. Sales Revenue

	Consolidated 2016 $	Consolidated 10 months ended 2015 $
Sales Revenue	7,964,580	9,133,144

8. Other Revenue

	Consolidated 2016 $	Consolidated 10 months ended 2015 $
Other revenue	70,774	1,061
Interest revenue	-	245
Rental income	79,740	-
Discount received	9,421	801
Realised gain on foreign exchange	-	13,208
	159,935	15,315

9. Expenses

	Consolidated 2016 $	Consolidated 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	-
Rental expense relating to operating leases	6,108	-
Depreciation[1]	12,437	85,768
Other administration expenses	540,935	298,620
	1,302,322	422,724
Depreciation (included in General and Administrative expenses):		
Leasehold Land	(40,420)	36,057
Leasehold buildings	17,818	14,975
Motor Vehicles	22,403	24,329
Office equipment	1,321	502
Capital works in progress	11,315	9,904
	12,437	85,768
Depreciation (included in costs of goods sold):		
Plant and equipment	107,325	62,242
Other expenses:		
Listing expenses	71,070	-
Foreign exchange losses	45,843	-
	116,913	-

Notes to the Financial Statements (continued)
For the year ended 30 June 2016

10. Tax

	Consolidated 2016 $	Consolidated 10 months ended 2015 $
Income Tax Expense		
Current tax	265,331	312,818
Deferred tax - origination and reversal of temporary differences	50,926	29,997
Aggregate income tax expense	316,257	342,815
Numerical reconciliation of income tax expense and tax at the statutory rate		
Profit (Loss) before income tax expense	(50,226)	872,890
Tax at the statutory tax rate of 30% (2015: 30%)	(15,068)	261,867
Tax effect of:		
- non-deductible expenses	144,634	124,592
- Non-deductible listing expense	149,998	-
- impact of different tax rates	(79,064)	(43,645)
Tax losses not brought to account	115,757	-
Income tax expense	316,257	342,815
Unrecognised carried forward tax losses		
Tax losses (Taxation Benefit)	385,856	-

Carried forward tax losses have not been recognised because it is presently not considered probable that future taxable profit will be available against which the company can utilise the benefits therein.

Tax Payable

	Consolidated 2016 $	Consolidated 10 months ended 2015 $
Provision for tax payable	579,158	543,133
Deferred Tax Asset and Liabilities		
Deferred Tax Liability arising from temporary differences	80,923	29,997

Notes to the Financial Statements (continued)
For the year ended 30 June 2016

11. 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:

	Notes	Consolidated 2016 $	Consolidated 2015 $
Cash at bank		414,527	15,469

Reconciliation to cash and cash equivalents at the end of the financial year

The above figures are reconciled to cash and cash equivalents at the end of the financial year as shown in the statement of cash flows as follows:

	Notes	2016 $	2015 $
Balances as above		414,527	15,469
Bank overdraft	18	(942,849)	(501,430)
Balance as per statement of cash flows		(528,302)	(485,961)

12. Financial Assets

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

The fixed deposits amounted to $112,401 (2015: $121,305) with a licensed bank have been pledged to secure banking facilities granted to the Company in previous financial year as disclosed in Note 18.

The interest rates of fixed deposits as at balance sheet date range from 3.10% to 3.45% (2015: 3.10% to 3.30%) per annum.

The fixed deposits of the Company have a maturity period of 12 months (2015: 12 months).

Notes to the Financial Statements (continued)
For the year ended 30 June 2016

13. Trade and Other Receivables

	Consolidated 2016 $	Consolidated 2015 $
Trade Receivables	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

Impairment of receivables

The consolidated entity has recognised a loss of $212,169 (2015: $nil) in profit or loss in respect of impairment of receivables for the year ended 30 June 2016.

The ageing of the impaired receivables provided for above are as follows:

	2016	2015
0 to 3 months overdue	-	-
3 to 6 months overdue	-	-
Over 6 months overdue	179,519	83.818
	179,519	83,818

Movements in the provision for impairment of receivables are as follows:

	2016	2015
Opening balance	83,818	83,818
Additional provisions recognized	212,169	-
Receivables written off during the year as uncollectable	(40,945)	-
Unused amounts reversed	(75,523)	-
Closing balance	179,519	83,818

Past due but not impaired

Customers with balances past due but without provision for impairment of receivables amount to $2,325,400 as at 30 June 2016 ($3,351,038 as at 30 June 2015).
The consolidated entity did not consider a credit risk on the aggregate balances after reviewing the credit terms of customers based on recent collection practices.

The ageing of the past due but not impaired receivables are as follows:

	Consolidated 2016 $	Consolidated 2015 $
0 to 3 months overdue	2,142,002	2,114,366
3 to 6 months overdue	795,407	605,532
Over 6 months overdue	1,529,993	2,745,506
	4,467,402	5,465,404

Notes to the Financial Statements (continued)
For the year ended 30 June 2016

14. Inventories

	Consolidated	
	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

15. Other Assets

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

Notes to the Financial Statements (continued)
For the year ended 30 June 2016

16. Property, Plant and Equipment

	Consolidated 2016 $	Consolidated 2015 $
Leasehold Land	1,986,788	1,946,368
Leasehold Buildings	1,244,171	808,340
Plant and equipment	3,462,793	534,786
Office equipment	19,480	1,271
Motor vehicles	27,593	49,997
Capital works in progress	1,718,918	603,128
	8,459,744	3,943,890

The leasehold Land and Buildings are pledged to licensed banks for banking facilities granted to the Company as disclosed in Note 18.

	Leasehold Land $	Leasehold Buildings $	Plant & Equip-ment $	Office equip-ment $	Motor Vehicles $	Capital works $	Total $
2016 - Cost							
As at 1 July 2015	2,097,915	871,279	1,027,244	5,846	200,446	636,600	4,839,330
Additions	-	453,649	3,035,332	19,530	-	1,111,038	4,619,548
Disposals	-		-	-	-	-	-
Translation	-	-	-	-	-	(77,766)	(77,766)
As at 30 June 2016	2,097,915	1,324,928	4,062,576	25,376	200,446	1,669,872	9,381,113

	Leasehold Land $	Leasehold Buildings $	Plant & Equip-ment $	Office equip-ment $	Motor Vehicles $	Capital works $	Total $
2016 – Accumulated Depreciation							
As at 1 July 2015	(151,547)	(62,939)	(492,458)	(4,576)	(150,449)	(33,472)	(895,440)
Depreciation	40,419	(17,818)	(107,325)	(1,320)	(22,403)	(11,315)	(119,762)
Translation	-	-	-	-	-	93,833	93,833
As at 30 June 2016	(111,127)	(80,757)	(599,783)	(5,896)	(172,852)	49,046	(921,370)

	Leasehold Land $	Leasehold Buildings $	Plant & Equip-ment $	Office equip-ment & furniture $	Motor Vehicles $	Capital works $	Total $
2016 – Written Down Value							
As at 1 July 2015	1,946,368	808,340	534,786	1,271	49,997	603,128	3,943,890
As at 30 June 2016	1,986,788	1,244,171	3,462,793	19,480	27,593	1,718,918	8,459,744

Notes to the Financial Statements (continued)
For the year ended 30 June 2016

16. Property, Plant and Equipment (continued)

	Leasehold Land $	Leasehold Buildings $	Plant & Equip-ment $	Office equip-ment $	Motor Vehicles $	Capital works $	Total $
2015 - Cost							
As at 1 Sept 2014	2,097,915	871,279	894,458	5,846	211,286	576,271	4,657,056
Additions	-	-	132,787	-	-	-	132,787
Disposals	-	-	-	-	(10,840)	-	(10,840)
Translation	-	-	-	-	-	60,329	60,329
As at 30 June 2015	2,097,915	871,279	1,027,244	5,846	200,446	636,600	4,839,330

	Leasehold Land $	Leasehold Buildings $	Plant & Equip-ment $	Office equip-ment $	Motor Vehicles $	Capital works $	Total $
2015 – Accumulated Depreciation							
As at 1 Sept 2014	(115,485)	(47,961)	(430,207)	(4,073)	(126,117)	(30,004)	(753,847)
Depreciation	(36,063)	(14,977)	(62,251)	(502)	(24,332)	(9,906)	(148,031)
Translation	-	-	-	-	-	6,438	6,438
As at 30 June 2015	(151,547)	(62,939)	(492,458)	(4,576)	(150,449)	(33,472)	(895,440)

	Leasehold Land $	Leasehold Buildings $	Plant & Equip-ment $	Office equip-ment $	Motor Vehicles $	Capital works $	Total $
2015 – Written Down Value							
As at 1 Sept 2014	1,982,431	823,318	464,251	1,773	85,169	546,267	3,903,209
As at 30 June 2015	1,946,368	808,340	534,786	1,271	49,997	603,128	3,943,890

17. Trade and Other Payables

	Consolidated 2016 $	Consolidated 2015 $
Trade payables	3,248,757	2,762,704
Payable to a Director	204	-
GST payable	20,099	-
Other payables and accruals	800,524	1,929,192
	4,069,584	4,691,895

Refer to note 25 for further information on financial instruments.

Notes to the Financial Statements (continued)
For the year ended 30 June 2016

18. Financial Liabilities

	Consolidated	
Current	**2016 $**	**2015 $**
Loans from related parties[1]	-	667,421
Trust receipts[2, 3]	1,796,957	841,342
Bankers Acceptances [2,]	980,772	-
Hire purchase loans[4]	67,903	123,821
Overdraft[5]	942,829	501,430
	3,788,461	2,134,014

	Consolidated	
Non- Current	**2016 $**	**2015 $**
Term Loans [6]	1,377,380	1,080,302

1. Amount due to Wee Min Chen (a related party) for working capital purposes; no interest is charged on this loan

2. Bankers Acceptances and Trust Receipts are secured by the following:
   - Pledge of fixed deposits of the consolidated entity with a licensed bank as disclosed in Note 12;
   - Legal charge over the Company's leasehold land and building as disclosed in Note 16;
   - Jointly and severally guaranteed by certain directors of the Company; and
   - Corporate guarantee from a company in which certain directors have interest.

3. The trust receipt of the Company bears interest at rates ranging from 1.25% to 1.5% (2015: 1.25%) per annum above the bank's base lending rate and has maturity period ranging from 120 to 150 days (2015: 150 days).

4. The annual effective interest rates of the hire purchase liabilities range from 4.55% to 14.50% (2015: 2.53% to 7.30%) per annum.

5. The bank overdraft of the Group is secured by the following:
   - Pledge of fixed deposits of the Group with a licensed bank as disclosed in Note 12 ;
   - Legal charge over the Group's leasehold land and building as disclosed in Note 16;
   - Jointly and severally guaranteed by certain directors of the Group; and
   - Corporate guarantee from a Group in which certain directors have interest.

6. The term loans of the consolidated entity are secured by the following:
   - Guarantee by Credit Guarantee Corporation Malaysia Berhad;
   - Legal charge over the Company's leasehold land and building as disclosed in Note 16;
   - Jointly and severally guaranteed by certain directors of the Company; and
   - Assignment of a Single Premium Reducing Term Plan.

Refer to note 25 for further information on financial instruments.

Notes to the Financial Statements (continued)
For the year ended 30 June 2016

19. Issued Capital

	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)	-	-	-
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 year	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 Offer.
4. Debt in the company was converted to ordinary shares at $0.03 per share on successful completion of the capital raising under the Replacement Prospectus Offer.
5. Ordinary shares were issued to vendor shareholders of KLE Products Snd Bhd on successful completion of the capital raising under the Replacement Prospectus Offer.
6. Ordinary shares were issued to applicant shareholders at $0.05 per share under the Replacement Prospectus Offer.
7. Capital raising costs were incurred in respect of the preparation and completion of the Replacement Prospectus Offer.

Notes to the Financial Statements (continued)
For the year ended 30 June 2016

19. Issued Capital (continued)

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Capital Management

Capital risk management
The consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The consolidated entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current company's share price at the time of the investment. The consolidated entity is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

The consolidated entity is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

The capital risk management policy remains unchanged from the 30 June 2015 Annual Report.

Notes to the Financial Statements (continued)
For the year ended 30 June 2016

20. Reserves

	Consolidated 2016 $	Consolidated 2015 $
Foreign currency translation reserve	(66,892)	27,572

Foreign currency translation reserve
The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars. It is also used to recognise gains and losses on hedges of the net investments in foreign operations.

21. Earnings per Share

	Consolidated 2016 $	Consolidated 2015 $
Profit/(Loss) after income tax	(50,226)	872,890
	2016 No.	**2015 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
Basic earnings per share	(0.03)	0.01
Diluted earnings per share	(0.03)	0.01

Notes to the Financial Statements (continued)
For the year ended 30 June 2016

22. Reconciliation of profit after income tax to net cash flows from operating activities

	Consolidated	
	2016	2015
	$	$
Profit after income tax expense for the year	(50,226)	872,890
Adjustments for:		
Doubtful debts expense	212,169	-
Depreciation	119,983	148,010
Disposal of non-current assets – (Gain)/Loss	-	801
Foreign exchange differences	45,686	-
Listing costs	499,994	-
Change in operating assets & liabilities:		
(Increase)/decrease in Trade and other receivables	403,966	-
(Increase)/decrease in inventories	(406,047)	117,631
(Increase)/decrease in Other Debtors	(45,008)	-
(decrease)/increase in Trade and Other Payables	(580,396)	-
Net cash inflow/(outflow) from operations	200,398	1,139,332

23. Commitments

The consolidated entity has no operating lease commitments at 30 June 2016 (2015: nil).

24. Key management personnel disclosure

Compensation

The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	Consolidated	
	2016	2015
	$	$
Short-term employee benefits	414,689	455,218
Post-employment benefits	-	-
Long-term benefits	-	-
Share-based payments	-	-
	414,689	455,218

Notes to the Financial Statements (continued)
For the year ended 30 June 2016

25. Financial Risk Management

Financial risk management objectives

The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks and ageing analysis for credit risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits. Finance identifies and evaluates financial risks within the consolidated entity's operating units. Finance reports to the Board on a monthly basis.

The consolidated entity holds the following financial instruments at the end of the financial year.

	Note	2016	2015
Financial Assets		**$**	**$**
Cash and cash equivalents	11	414,527	15,469
Other financial assets	12	112,401	121,305
Trade and other receivables	13	4,829,198	5,486,278
Total financial assets		5,356,126	5,623,052
Financial Liabilities			
Trade and other payables	17	4,069,584	4,691,895
Borrowings – current	18	3,788,461	2,134,015
Borrowings – non current	18	1,377,380	1,080,302
Total financial liabilities		9,235,425	7,906,212

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Fair value measurement note

The carrying amounts of trade and other receivables and other payables are assumed to approximate their fair values due to their short-term nature.
The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

Notes to the Financial Statements (continued)
For the year ended 30 June 2016

25. Financial Risk Management (continued)

Market risk
Foreign currency risk
The consolidated entity undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

The carrying amount of the consolidated entity's foreign currency denominated financial assets and financial liabilities at the reporting date were as follows:

	Assets		**Liabilities**	
	2016	**2015**	**2016**	**2015**
Consolidated	**$**	**$**	**$**	**$**
Malaysian Ringgit	5,193,231	5,741,503	(7,807,527)	(6,802,903)

The consolidated entity had net liabilities denominated in foreign currencies of $2,614,296 (assets of $5,193,231 less liabilities of $7,807,527) as at 30 June 2016 (2015: $1,061,400 (assets of $5,741,503 less liabilities of $6,802,903)).

Based on this exposure, had the Australian dollar weakened by 5%/strengthened by 5% (2015: weakened by 5%/strengthened by 5%) against these foreign currencies with all other variables held constant, the consolidated entity's loss before tax for the year would have been $130,000 lower/$130,000 higher (2015: $53,000 lower/$53,000 higher) and equity would have been $130,000 lower/$130,000 higher (2015: $53,000 lower/$53,000 higher).

The percentage change is the expected overall volatility of the significant currencies, which is based on management’s assessment of reasonable possible fluctuations taking into consideration movements over the last 6 months each year and the spot rate at each reporting date. The actual foreign exchange loss for the year ended 30 June 2016 was $45,843 (2015: nil).

Price risk
The consolidated entity is not exposed to any significant price risk.

Notes to the Financial Statements (continued)
For the year ended 30 June 2016

25. Financial Risk Management (continued)

Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The consolidated entity obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral.

Interest rate risk
Exposure to interest rate risk arises on financial assets recognised at the end of the financial year whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate instruments.

The consolidated entity's main interest rate risk arises from borrowings. Borrowings issued at variable rates expose the consolidated entity to interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The policy is that the Group manages its interest rate risk exposure by reviewing its debts portfolio to ensure favourable rates are obtained.

As at the reporting date, the consolidated entity had the following borrowings:

	2016		2015	
Consolidated	**Weighted average interest rate**	**Balance**	**Weighted average interest rate**	**Balance**
	%	**$**	**%**	**$**
Loan from related parties	Nil	-	Nil	667,421
Trust receipts	1.25-1.50	1,796,957	1.25	841,342
Bankers Acceptances	BA COF + 1.25%	980,772	-	-
Hire Purchase	4.55-14.5	67,903	2.53-3.80	123,821
Overdraft	BLR +1.25% - 1.5%	942,829	BLR + 1.25%- 1.5%	501,430
Term Loans	14.5%	1,377,380	14.5%	1,080,302
Net exposure to cash flow interest rate risk		5,165,841		3,214,316

BLR = Base Lending Rate (for Malaysia)

BA COF = Bankers Acceptance Cost of Funds

Notes to the Financial Statements (continued)
For the year ended 30 June 2016

25. Financial Risk Management (continued)

Liquidity risk
Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Financing arrangements
Unused borrowing facilities at the reporting date:

	Consolidated	
	2016	**2015**
	$	**$**
Bank overdraft	277,389	181,545

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice.

Remaining contractual maturities
The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Notes to the Financial Statements (continued)
For the year ended 30 June 2016

25. Financial Risk Management (continued)

Remaining contractual maturities (continued)

Consolidated - 2016	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $
Non-derivatives					
Non-interest bearing					
-Trade & other payables	-	4,069,584	-	-	-
Interest-bearing – variable rate					
-Bank overdraft	BLR +1.25 to1.50%	942,929	-	-	-
-Trust receipts	1.25 to 1.50%	1,796,957	-	-	-
-Bankers Acceptances	BA COF + 1.25%	980,772	-	-	-
Interest-bearing - fixed rate					
-Borrowings	14.5%	-	1,377,380	-	-
-Lease liability	8.65%	67,903	-	-	-
Total non-derivatives		7,858,145	1,377,380	-	-

Consolidated - 2015	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $
Non-derivatives					
Non-interest bearing					
- Borrowings	-	667,421	-	-	-
-Trade & other payables	-	4,691,895	-	-	-
Interest-bearing – variable rate					
-Bank overdraft	BLR +1.25 to1.50%	501,430	-	-	-
-Trust receipts	1.25 to 1.50%	841,342	-	-	-
-Bankers Acceptances	BA COF +1.25%	-	-	-	-
Interest-bearing - fixed rate					
-Borrowings	14.5%	-	1,080,302	-	-
-Lease liability	8.65%	123,821	-	-	-
Total non-derivatives		6,825,909	1,080,302	-	-

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Notes to the Financial Statements (continued)
For the year ended 30 June 2016

26. Auditors' Remuneration

During the financial year, the following fees were paid or payable for services provided by RSM Australia Partners, the auditor of the company.

	Consolidated	
	2016	2015
	$	$
Audit Services: RSM Australia Partners		
- Audit and review of the financial statements	35,000	-
Audit Services: RSM Malaysia		
-Audit and review of the financial statements	25,000	-
Other services		
- Tax compliance	-	-
	60,000	-
Audit services: unrelated firms		
- Audit or review of the financial statements	-	6,284
	60,000	6,284

27. Contingencies

The Directors are not aware of any potential liabilities or claims against the Company as at the date of this Report.

Notes to the Financial Statements (continued)
For the year ended 30 June 2016

28. Related Party Transactions

Parent entity
Voltage IP Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 30.

Key management personnel
Disclosures relating to key management personnel are set out in note 24 and the remuneration report included in the directors' report.

Transactions with related parties
The following transactions occurred with related parties:
- 3.5 million options issued to Sanston Securities Australia Pty Ltd, a company associated with Mr. Frank Licciardello, on completion of the acquisition of KLE, with a fair value of $1,200.

- transactions with Keng Lek Engineering (director-related entity of Wee Min Chen and Kay Wen Chen)

	Consolidated	
	2016 $	10 months ended 2015 $
- advance from/(payments to) Keng Lek Engineering	(1,724,152)	1,724,152

Receivable from and receivables to related parties
The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated	
	2016 $	2015 $
Current receivables		
- Trade receivables from Keng Lek Engineering (director-related entity of Wee Min Chen and Kay Wen Chen)	256,791	-
Current payables:		
- Trade payables to Keng Lek Engineering (director-related entity of Wee Min Chen and Kay Wen Chen)	-	1,634,265

Loans to/from related parties
Loans from related parties totaling $nil (2015: $667,421) are set out in Note 18.
There were no loans to related parties at the current and previous reporting date.

Notes to the Financial Statements (continued)
For the year ended 30 June 2016

29. Parent entity information

Set out below is the supplementary information about the parent entity, Voltage IP Limited.

	Parent	
	2016	2015
Statement of profit or loss and other comprehensive income	$	$
Profit/(Loss) after income tax expense	(535,596)	(127,356)
Total comprehensive income	(535,596)	(127,356)

	Parent	
	2016	2015
Statement of financial position	$	$
Total current assets	394,961	213,255
Total assets	3,298,449	213,255
Total current liabilities	(35,266)	(1,121,826)
Total liabilities	(35,266)	(1,121,826)
Equity		
Issued capital	50,977,599	46,485,796
Retained profits	(47,714,416)	(47,394,367)
Total equity	3,263,183	(908,571)

Guarantees
Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
No guarantees have been entered into.

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2016 and 30 June 2015.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 30 June 2016 and 30 June 2015.

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for investments in subsidiaries which are accounted for at cost, less any impairment, in the parent entity.

Notes to the Financial Statements (continued)
For the year ended 30 June 2016

30. Interests in Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following wholly-owned subsidiaries in accordance with the accounting policy described in note 3:

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

31. Events After the Reporting Period

On 26 September 2016 the Company completed a convertible note capital raising via the allotment of 17,028,079 Convertible Notes to applicants at $0.15 per share, to raise $2,556,612 AUD with each note having a coupon rate of 8% per annum and able to be converted by the Company to ordinary shares within 8 months after the note issue date, subject to certain conditions being satisfied.

There has not been in the interval period between the end of the financial period and the date of this report any 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.

Notes to the Financial Statements (continued)
For the year ended 30 June 2016

32. Share-based payments

On 28 January 2016, 3,500,000 shares were issued to Sanston Securities Australia Pty Ltd, at an issue price of $0.10 per share and a total transactional value of $1,200 as identified in Related Party Transaction disclosures (note 28) and in the directors' report.

There was no other share option plan as at 30 June 2016.

A summary of the company's options issued is set out below:

2016

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
28/01/2016	28/01/2019	$0.10	-	20,000,000	-	-	20,000,000
28/01/2016	28/01/2019	$0.10	-	3,500,000	-	-	3,500,000
			-	23,500,000	-	-	23,500,000
Weighted average exercise price			-	$0.10	-	-	$0.10

There were no options granted in 2015 financial year.

A summary of the company's options exercisable at the end of the financial year:

Grant date	Expiry date	2016 Number	2015 Number
28/01/2016	28/01/2019	23,500,000	-

The weighted average remaining contractual life of options outstanding at the end of the financial year was 2.4 years (2015: nil years).

For the options granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
28/01/2016	28/01/2019	$0.05	$0.10	50.00%	0.00%	1.79%	$6,200

Directors' Declaration
For the year ended 30 June 2016

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
- at the date of this declaration, there are reasonable grounds to believe that the members of the Group will be able to meet any obligations or liabilities to which they are, or may become, subject.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

Frank Licciardello
Chairman

29 September 2016
Melbourne

RSM Australia Partners

Level 21, 55 Collins Street Melbourne VIC 3000
PO Box 248 Collins Street West VIC 8007

T +61 (0) 3 9286 8000
F +61 (0) 3 9286 8199

www.rsm.com.au

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF

VOLTAGE IP LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Voltage IP Limited, which comprises the consolidated statement of financial position as at 30 June 2016, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

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

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Voltage IP Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

(a) the financial report of Voltage IP Limited is in accordance with the *Corporations Act 2001*, including:

   (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and

   (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 3.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2016. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001.* Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion the Remuneration Report of Voltage IP Limited for the year ended 30 June 2016 complies with section 300A of the *Corporations Act 2001*.

RSM

RSM AUSTRALIA PARTNERS

Jason Croall

J S CROALL
Partner

29 September 2016
Melbourne, Victoria

Corporate Governance Statement
For the year ended 30 June 2016

The Board of Directors of Voltage IP Limited are responsible for the corporate governance of the Company. The Board guides and monitors the business and affairs of the Company on behalf of the shareholders by whom they are elected and accountable. The Board continuously reviews its governance practices to ensure they remain consistent with the needs of the Company.

The Company complies with each of the recommendations set out in the Australian Securities Exchange Corporate Governance Council's Corporate Governance Principles and Recommendations 3rd Edition ("the ASX Principles"). This statement incorporates the disclosures required by the ASX Principles under the headings of the eight core principles. All of these practices, unless otherwise stated, are in place.

The Corporate Governance Statement and the Appendix 4G Statement have been released to the ASX and can be found on the Company's website at www.voltageip.com.au

ASX Additional Information

Additional information required by the ASX Limited Listing Rules not disclosed elsewhere in this Annual Report is set out below, as at 30 September 2016.

1. Substantial Shareholders

The number of substantial shareholders and their associates are set out below:

Shareholders	Number of Shares
Wee Min Chen	96,842,098
Ei Ling Chong	96,842,098

2. Voting Rights

Ordinary Shares
At a general meeting, on a show of hands, every ordinary member present in person shall have one vote for every share held. Proxies present at the meeting are not entitled to vote on a show of hands, but on a poll have one vote for every share held.
There are no other classes of shares.

3. Distribution of Equity Security Holders

Holding	Number of Shareholders	Number of Shares	Number of Option holders	Number of options
1 - 1,000	32	5,250	-	-
1,001 - 5,000	20	68,065	-	-
5,001 - 10,000	11	90,435	-	-
10,001 - 100,000	303	12,668,102	-	-
100,000 and over	83	308,559,744	5	23,500,000
	449	**321,391,596**	**5**	**23,500,000**

There were 28 shareholders holding less than a marketable parcel of 3,053 ordinary shares as at 30 September 2016.

4. Optionholder Information

Top 20 Option holders as at 30 September 2016 Holder Name	Holding	% of Options Issued
Wee Min Chen	9,200,000	39.15
Ei Ling Chong	9,200,000	39.15
Sanston Securities Australia Pty Ltd	3,500,000	14.90
Chin Eng Khoo	800,000	3.40
Wee Onn Chen	800,000	3.40
Total options issued	**23,500,000**	**100.00**

All options are exercisable at $0.10, are escrowed until 28 January 2018 and expire on 29 January 2019.

5. Members Information

Top 20 Shareholders as at 30 September 2016

Holder Name	Holding	% IC
Wee Min Chen	96,842,098	30.13
Ei Ling Chong	96,842,098	30.13
HSBC Custody Nominees (Australia) Limited	12,617,059	3.93
Hock Guan Ng	11,186,342	3.48
May Thian	10,137,213	3.15
BNP Paribas Nominees Pty Ltd (UOB Kay Hian Priv Ltd)	9,125,722	2.84
Chin Eng Khoo	8,421,052	2.62
Wee Onn Chen	8,421,052	2.60
Citicorp Nominees Pty Ltd	5,098,751	1.59
Keng Tak Soong	4,673,333	1.45
RHB Securities Singapore Pte Ltd	3,513,811	1.03
Sai Cheng Lee	2,449,166	0.76
Accosec Pty Ltd	2,052,025	0.64
Lee Peng Soo	2,000,000	0.62
Poh Tat Koon	2,000,000	0.62
Woei Shin Tan	2,000,000	0.62
Yau Lam Tan	2,000,000	0.62
Ka Lin Tan	1,600,000	0.50
Ah Kuen Ng	1,400,000	0.44
Yit Leong Yap	1,200,000	0.37
Top 20 shareholders	283,381,722	88.17
Total Issued Capital	321,391,596	100.00

Registry

Share registry functions are maintained by Boardroom Limited and their details are as follows:

Level 7, 207 Kent Street
Sydney, NSW, 2000
Shareholder enquiries telephone: 1300 737 760 or +61 (0) 2 9290 9600

Stock Exchange Listing

Quotation has been granted for all the ordinary shares of the Company on all Member Exchanges of the Australian Stock Exchange Limited, domiciled in Melbourne.

Corporate Governance

The Company has followed all applicable best practice recommendations set by ASX Corporate Governance Council during the reporting period, unless otherwise stated.

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VOLTAGE IP