VOLTAGE IP

`

Voltage IP Limited

ABN 83 057 884 876

Annual Report

For the year ended 30 June 2018

Contents

Corporate Information

Directors

Kah Ling Chang - Chairman
Chin Kar Yang – Non-Executive Director
Wayne Johnson – Non-Executive Director
Michael Higginson – Non-Executive Director
Wee Min Chen – Non-Executive Director

Auditors

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

Company Secretary

Andrew Metcalfe
vip@accosec.com

Bankers

Westpac Banking Corporation Ltd
Melbourne, Australia

Hong Leong Bank
Kuala Lumpur, Malaysia

Registered Office

Level 2
470 Collins Street
Melbourne VIC 3000

Stock Exchange

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

Postal Address

Level 2
470 Collins Street
Melbourne VIC 3000

Country of Incorporation

Australia

Principal place of business

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

Corporate Governance Statement

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

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

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 2018.

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.

Kah Ling Chang – Appointed 22 September 2017 – Executive Chairman
Chin Kar Yang[1] – Appointed 27 November 2017 – Non-Executive Director
Wayne Johnson – Appointed 27 October 2017 – Non-Executive Director
Michael Higginson – Appointed 27 October 2017 – Non-Executive Director
Wee Min Chen - Retired 9 November 2017, Re-appointed 24 August 2018 – Non-Executive Director

Dr Kai Fatt Wong – Appointed 27 November 2017, Resigned 28 June 2018, Non-Executive Director
Francesco (Frank) Licciardello –Resigned 27 October 2017 - Executive Chairman
Lee Mitchell – Resigned 27 October 2017 - Non-Executive Director
Ai Ling Chong – Resigned 28 August 2017 - Non-Executive Director

1. Chin Kar Yang is executive director of KLE Products Sdn Bhd ("KLE") and VIP Glove Sdn Bhd ("VIP Glove")

Principal activities

The principal activity of the Company during the financial year was the operation of a glove and conveyor chain parts and manufacturing business in Malaysia under its wholly owned subsidiaries, KLE Products Sdn Bhd ("KLE") and 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 full-year ended on 30 June 2018.

Review of Operations and Financial Results

Revenue from ordinary activities for the financial year was $11,391,412 (30 June 2017: $9,032,903) and gross profit was $621,538 (2017 loss: $1,015,005). Gross margin percentage was 5% (30 June 2017: (11%)). The loss after income tax for the reporting period was $2,323,847 (2017: loss $3,510,409).

In comparison to the previous reporting period, there was an increase in revenue for FY18 following the 2 new glove lines that were commissioned during FY 2017. The glove operations have manufactured more than 344 million pieces in FY18 relative to 130 million pieces of gloves for the period ending 30 June 2017. Directors expect this trend to continue with the anticipated introduction of additional glove lines.

Directors' Report (continued)

Significant changes in the state of affairs

In comparison to the previous reporting period, the loss from ordinary activities reduced by 39% for FY18, as a result of increased revenue from operations.

The establishment of new rubber glove manufacturing lines under VIP Glove provided additional line of revenue for the Company and its subsidiaries for the year ended 30 June 2018.

Matters subsequent to the end of the financial year

On 30 August 2018 the Company announced that as a result of continued growth and the ongoing capital restructuring of the Company and its subsidiaries, the Directors had finalised two Subscription Agreements to raise a total of $10 million.

The first Subscription Agreement is with Leading and Junction Sdn Bhd (a Malaysian incorporated Company) (Leading) to raise $8 million pursuant to the issue of 276,745,764 fully paid ordinary shares at an issue price of $0.0289 per share (Leading Placement). The Company confirms having received $3.5m of the Leading Placement, with the balance to be received as follows:

- MYR 1,500,000 ($0.5 million) on or before 30 September 2018
- MYR 5,000,000 ($1.667 million) on or before 30 October 2018
- MYR 7,000,000 ($2.334 million) on or before 30 December 2018

The second Subscription Agreement is with Endless Earnings Sdn Bhd (a Malaysian incorporated Company that is associated with Director Chin Kar Yang) (Endless) to raise $2 million pursuant to the issue of 69,186,458 fully paid ordinary shares at an issue price of $0.0289 per share (Endless Placement). Proceeds of the Endless Placement to be received as follows:

- MYR 1,000,000 ($667 thousand) on or before 30 September 2018
- MYR 1,000,000 ($667 thousand) on or before 30 October 2018
- MYR 1,000,000 ($667 thousand) on or before 30 November 2018

The $10 million to be raised pursuant to the two Subscription Agreements will be applied towards expanding the Company's existing business activities, the repayment of debt, existing creditors and for working capital purposes.

In particular, the Company's current operation of 2 double former production lines are to be expanded with the completion of an additional 6 single production lines. The introduction of these additional production lines will significantly lower the Company's unit cost of production and deliver substantially increased revenue.

In addition, following commission of the 6 single lines, the Company intends to construct a further 24 production lines on the Company's adjoining 3.26 acres of vacant land that was acquired in 2017.

The Leading Placement is conditional on the Company receiving shareholder approval in accordance with ASX Listing Rule 7.1 and item 7 of section 611 of the Corporations Act.

The Endless Placement is conditional on the Company receiving shareholder approval in accordance with ASX Listing Rules 7.1 and 10.11.

No other 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.

Directors' Report (continued)

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

An increase in revenue from glove operations is expected to continue into FY19 as the Company improves quality and efficiencies from the current glove line operations, the current investment in additional glove lines and the potential investment in further glove lines, subject to funding.

Additional information

The earnings of the consolidated entity for the five years to 30 June 2018 are summarised below:

	2014 $	2015 $	2016 $	2017 $	2018 $
Revenue and other income	-	245	7,964,580	9,032,903	11,391,412
Profit/(Loss) before interest and tax	(84,202)	(127,356)	266,031	(3,027,114)	(1,608,587)
Profit/(Loss) after income tax	(84,202)	(127,356)	(50,226)	(3,510,409)	(2,323,847)

The factors that are considered to affect total shareholders return are summarised below:

	2014 $	2015 $	2016 $	2017 $	2018 $
Share price at financial year end ($A)	-	-	0.18	0.08	0.036
Basic earnings per share (cents per share)	-	-	(0.08)	(1.09)	(0.63)

In the period from 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	Ms Kah Ling Chang (Executive Chairman)
Special responsibilities	None
Qualifications	Bachelor of Law, Malaysia
Experience	Ms Chang has over 25 years' experience, practicing principally in corporate law, advising on corporate mergers and acquisitions in Malaysia. She also has significant experience managing contractual and corporate agreements. She has considerable experience in corporate governance and transacting at Board level and currently holds a board position as Legal Director with a large property development Company in Malaysia.
Direct interest in shares and options	10,000,000 convertible notes, converting at $0.05 per share by 15 January 2019
Indirect interest in shares and options	Nil
Contractual rights	None
Other current public Directorships	None
Former public Directorships held in past three years	None

Director Name & Title	Mr Chin Kar Yang (Non-Executive Director)
Special responsibilities	None
Qualifications	-
Experience	Mr Yang has extensive manufacturing and property management experience in Malaysia.
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

Director Name & Title	Mr Michael Higginson (Non-Executive Director)
Special responsibilities	None
Qualifications	Bachelor of Business, Edith Cowan University
Experience	Mr Higginson is a professional director and company secretary with extensive experience in public company administration, ASX Listing Rules, the Corporations Act, capital raisings, corporate governance, financial reporting and due diligence
Direct interest in shares and options	Nil
Indirect interest in shares and options	Nil
Contractual rights	None
Other current Directorships	Cape Range Limited (ASX: CAG) and SportsHero Limited (ASX: SHO)
Former Directorships held in past three years	None

Directors Report (continued)

Information on Directors

Director Name & Title	Mr Wayne Johnson (Non-Executive Director)
Special responsibilities	None
Qualifications	-
Experience	Mr Johnson is experienced in corporate advisory. Mr Johnson has over 30 years business and financial transaction experience in Australia, New Zealand, Asia and North America. He has extensive experience in software and technology, Australian licensed financial services, corporate advisory, corporate governance and compliance as a result of building, managing and directing public and private companies from start up to established public corporations.
Direct interest in shares and options	Nil
Indirect interest in shares and options	Nil
Contractual rights	None
Other current Directorships	Cape Range Limited (ASX: CAG) and Republic Capital Management Limited
Former Directorships held in past three years	None
Director Name & Title	Mr Wee Min Chen (Non-Executive Director)
Special responsibilities	None
Qualifications	-
Experience	Mr Chen is founder of KLE Products Sdn Bhd and has extensive manufacturing experience in Malaysia.
Direct interest in shares and options	55,550,948 shares and 9,200,000 options
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
Director		
Kah Ling Chang (appointed 22 September 2017)	6	6
Chin Yar Yang (appointed 27 November 2017)	4	3
Michael Higginson (appointed 27 October 2017)	4	4
Wayne Johnson (appointed 27 October 2017)	4	4
Wee Min Chen (retired 9 November 2017, re-appointed 24 August 2018)	3	1
Dr Kai Fatt Wong (appointed 27 November 2017, resigned 28 June 2018)	4	4
Frank Licciardello (resigned 27 October 2017)	3	3
Lee Mitchell (resigned 27 October 2017)	5	5
Ai Ling Chong (resigned 28 August 2017)	0	0

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 third of the previously elected Directors will retire at the annual general meeting and all directors appointed since the date of the last annual general meeting, being eligible, offer themselves for re-election.

Company Secretary

Andrew Metcalfe (B.Bus, CPA, FGIA, GAICD) 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 2018, 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 2017 Annual General Meeting ('AGM')
At the 2017 AGM, 99.9% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2017. 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:

- Kah Ling Chang, Chairman, (appointed 22 September 2017)
- Chin Kar Yang, Director (appointed 27 November 2017)
- Wayne Johnson, Director (appointed 27 October 2017)
- Michael Higginson, Director (appointed 27 October 2017)
- Wee Min Chen, Managing Director (retired 9 November 2017, re-appointed as a Director on 24 August 2018)
- Dr Kai Fatt Wong, Director (appointed 27 November 2017, resigned 28 June 2018)
- Frank Licciardello, Chairman (resigned 27 October 2017)
- Lee Mitchell, Director (resigned 27 October 2017)
- Ai Ling Chong, Director (resigned 28 August 2017)

And the following key management personnel:
- Andrew Metcalfe, Company Secretary
- Alan Ng, Chief Financial Officer (resigned 31 January 2018)
- Lee Siew Ha, Chief Financial Officer (appointed January 2018)
- Ei Ling Chong, Executive Director of KLE Products Sdn Bhd
- Kay Wen Chen, Executive Director of KLE Products Sdn Bhd
- Wei Kee Chong, General Manager of Production of KLE Products Sdn Bhd (resigned 28 August 2017)

Directors Report (continued)

Remuneration Report (Audited)

2018	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:								
Kah Ling Chang [1]	28,000	-	-	-	-	-	-	28,000
Wayne Johnson [2]	32,000	-	-	-	-	-	-	32,000
M. Higginson [2]	24,000	-	-	-	-	-	-	24,000
Dr Kai Fatt Wong [3]	21,000	-	-	-	-	-	-	21,000
F. Licciardello [4]	70,700	-	-	-	-	-	-	70,700
Lee Mitchell [4]	43,490	-	-	-	-	-	-	43,490
Executive Directors:								
Chin Kar Yang [5]	122,827	-	-	15,275	-	-	-	138,102
Wee Min Chen	15,183 [6]	94,895 [13]	-	-	-	-	-	110,078
Ei Ling Chong [7]	40,041	-	-	4,349	-	-	-	44,390
Other Key Management Personnel:								
Andrew Metcalfe [8]	87,889	-	-	-	-	-	-	87,889
Alan Ng [9]	21,058	-	-	2,546	-	-	-	23,604
Lee Siew Ha [10]	20,021	-	-	2,754	-	-	-	22,775
Ai Ling Chong [11]	9,884	-	-	1,196	-	-	-	11,080
Kay Wen Chen	28,771	-	-	1,775	-	-	-	30,546
Wei Kee Chong [12]	26,360	-	-	-	-	-	-	26,360
	591,224	94,895	-	27,895	-	-	-	714,014

[1] Represents remuneration from 22 September 2017 to 30 June 2018
[2] Represents remuneration from 27 October 2017 to 30 June 2018
[3] Represents remuneration from 27 October 2017 to 28 June 2018
[4] Represents remuneration from 1 July 2017 to 27 October 2017
[5] Represents remuneration from 27 November 2017 to 30 June 2018
[6] Represents remuneration from 1 July 2017 to 9 November 2017
[7] Represents remuneration from 1 July 2017 to 28 August 2017
[8] Represents fees paid to Accosec & Associates in which Andrew Metcalfe has an interest and which he is a Director. Accosec & Associates provides the services of a Company Secretary to Voltage IP Limited.
[9] Represents remuneration from 1 July 2017 to 31 January 2018
[10] Represents remuneration from 31 January 2018 to 30 June 2018
[11] Represents remuneration from 1 July 2017 to 28 August 2017
[12] Represents remuneration from 1 July 2017 to 28 August 2017
[13] Represents advisory fees from 10 November 2017 to 30 June 2018

Voltage IP Limited
Directors' Report
30 June 2018

Directors Report (continued)

Remuneration Report (Audited)

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments		
2017	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	46,815	-	-	-	-	-	-	46,815
Craig Sanford [1]	34,660	-	-	-	-	-	-	34,660
Lee Mitchell [2]	10,770	-	-	-	-	-	-	10,770
Executive Directors:								
Wee Min Chen	170,115	-	-	20,414	-	-	-	190,529
Ei Ling Chong	47,198	-	-	-	-	-	-	47,198
Other Key Management Personnel:								
Andrew Metcalfe [3]	68,200	-	-	-	-	-	-	68,200
Alan Ng	35,153	-	-	1,319	-	-	-	36,472
Ai Ling Chong	85,058	-	-	10,207	-	-	-	95,265
Kay Wen Chen	50,107	-	-	5,378	-	-	-	55,485
Wei Kee Chong	61,860	-	-	-	-	-	-	61,860
	609,236	-	-	37,318	-	-	-	646,554

1 Represents remuneration from 1 July 2016 to 31 July 2017
2 Represents remuneration from 31 January 2017 to 30 June 2017
3 Represents fees paid to Accosec & Associates in which Andrew Metcalfe has an interest and which he is a Director. Accosec & Associates provides the services of a Company Secretary to Voltage IP Limited.

Directors Report (continued)

Remuneration Report (Audited)

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

Name	Fixed remuneration 2018	Fixed remuneration 2017	At risk - STI 2018	At risk - STI 2017	At risk – LTI 2018	At risk – LTI 2017
Non-Executive Directors:						
Kah Ling Chang	100%	-	-	-	-	-
Wayne Johnson	100%	-	-	-	-	-
Michael Higginson	100%	-	-	-	-	-
Dr Kai Fatt Wong	100%	-	-	-	-	-
Frank Licciardello	100%	100%	-	-	-	-
Lee Mitchell	100%	100%	-	-	-	-
Executive Directors:						
Chin Yar Yang	100%	-	-	-	-	-
Wei Min Chen	100%	100%	-	-	-	-
Ei Ling Chong	100%	100%	-	-	-	-
Other Key Management Personnel:						
Andrew Metcalfe	100%	100%	-	-	-	-
Alan Ng	100%	100%	-	-	-	-
Lee Siew Ha	100%	-	-	-	-	-
Ai Ling Chong	100%	100%	-	-	-	-
Kay Wen Chen	100%	100%	-	-	-	-
Wei Kee Chong	100%	100%	-	-	-	-

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: Chin Kar Yang
Title: Managing Director
Agreement commenced: 27 November 2017
Term of agreement: Not applicable
Details: Base salary for the year ending 30 June 2018 of $122,827

Name: Andrew Metcalfe
Title: Company Secretary
Agreement commenced: 29 January 2016
Term of agreement: Not applicable
Details: Base salary for the year ending 30 June 2018 of $67,000

Name: Lee Siew Ha
Title: Chief Financial Officer
Agreement commenced: 31 January 2018
Term of agreement: Not applicable
Details: Base salary for the year ending 30 June 2018 of $22,775

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
Kah Ling Chang	-	-	-	-	-
Wayne Johnson	-	-	-	-	-
Michael Higginson	-	-	-	-	-
Dr Kai Fatt Wong[1]	-	10,000	(10,000)	-	-
Frank Licciardello	-	-	-	-	-
Lee Mitchell	-	-	-	-	-
Chin Kar Yong	-	-	-	-	-
Wee Min Chen[2]	96,842,098	-	(41,291,150)	-	55,550,948
Ei Ling Chong[3]	96,842,098	-	(96,842,098)	-	-
Andrew Metcalfe	2,052,025	-	-	-	2,052,025
Alan Ng	-	-	-	-	-
Lee Siew Ha	-	-	-	-	-
Ai Ling Chong	-	-	-	-	-
Kay Wen Chen	-	120,000	-	-	120,000
Wei Kee Chong	-	-	-	-	-
	195,736,221	130,000	(138,143,248)	-	57,722,973

[1] Dr Kai Fatt Wong, Director, appointed 27 October 2017, resigned 28 June 2018
[2] Wee Min Chen, Managing Director, retired 9 November 2017, re-appointed as a Director on 24 August 2018
[3] Ei Ling Chong, Director, resigned 28 August 2017

Voltage IP Limited
Directors' Report
30 June 2018

Directors Report (continued)

Remuneration Report (Audited)

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					
Kah Ling Chang	-	-	-	-	-
Wayne Johnson	-	-	-	-	-
Michael Higginson	-	-	-	-	-
Frank Licciardello [1]	3,500,000	-	-	(3,500,000)	-
Dr Kai Fatt Wong	-	-	-	-	-
Lee Mitchell	-	-	-	-	-
Chin Kar Yang	-	-	-	-	-
Wee Min Chen [2]	9,200,000	-	-	-	9,200,000
Ei Ling Chong [3]	9,200,000	-	-	(9,200,000)	-
Andrew Metcalfe	-	-	-	-	-
Alan Ng	-	-	-	-	-
Lee Siew Ha	-	-	-	-	-
Ai Ling Chong	-	-	-	-	-
Kay Wen Chen	-	-	-	-	-
Wei Kee Chong	-	-	-	-	-
	21,900,000	-	-	(12,700,000)	9,200.000

[1] Frank Licciardello, Director, resigned 27 October 2017
[2] Wee Min Chen, Managing Director, retired 9 November 2017, reappointed 24 August 2018
[3] Ei Ling Chong, Director, resigned 28 August 2017

Other transactions with key management personnel and their related parties

Included in the 24,133,340 Convertible Notes issued on 8 September 2017 Kah Ling Chang is the holder of 10m convertible notes which can be converted to shares at $0.05 per share.

Mr Licciardello is a Director of Sanston Securities (Australia) Pty Ltd which received $161,504 in management and selling fees for capital raising and Convertible Notes.

Keng Lek Engineering is a Director-related entity of Wee Min Chen and Kay Wen Chen. The entity received an advance in a previous year and there is an $122,138 receivable at 30 June 2018.

Wee Min Chen has been paid an Advisory fee of $94,895 for the financial year.

No other transactions with key management personnel and their related parties occurred during the year ended 30 June 2018.

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 2018 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
Previous year amounts to services to the Company in relation to assessment of opportunities in China. There were no non-audit services provided during the 2018 financial year.

	2018 $	2017 $
Non-audit services – RSM Australia Partners	-	60,000

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

Kah Ling Chang
Chairman

27 September 2018
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 2018, 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 AUSTRALIA PARTNERS

J S CROALL
Partner

Dated: 27 September 2018
Melbourne, Victoria

Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2018

	Note	2018 $	2017 $
Revenue	6	11,391,412	9,032,903
Cost of goods sold		(10,769,874)	(10,047,907)
Gross margin		621,538	(1,015,005)
Other income	7	707,935	538,075
Expenses			
General and administration fees	8	(2,460,730)	(1,782,768)
Legal and professional fees		(301,401)	(372,010)
Secretarial and share registry fees		(135,223)	(50,595)
Other expenses	8	(40,706)	(367,746)
Finance costs		(715,260)	(483,295)
		(3,653,318)	(3,056,414)
Loss before income tax expense for the year		**(2,323,847)**	**(3,533,344)**
Income tax benefit	9	-	22,935
Loss after income tax benefit for the year		**(2,323,847)**	**(3,510,409)**
Other comprehensive income for the year, net of tax			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		2,517	(312,672)
Total comprehensive loss for the year		**(2,321,330)**	**(3,823,081)**
Loss per share attributable to owners of Voltage IP Limited			
Basic loss per share (cents)	20	(0.63)	(1.09)
Diluted loss per share (cents)	20	(0.63)	(1.09)

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 2018

	Note	2018 $	2017 $
Assets			
Current assets			
Cash and cash equivalents	10	367,327	456,957
Financial assets	11	292,988	260,837
Trade and other receivables	12	1,032,456	3,027,714
Inventories	13	3,713,354	3,860,627
Other assets	14	70,980	73,584
Total current assets		5,477,103	7,679,719
Non-current assets			
Property, plant and equipment	15	14,649,153	10,273,052
Total non-current assets		14,649,153	10,273,052
Total assets		**20,126,256**	**17,952,771**
Liabilities			
Current liabilities			
Trade and other payables	16	8,562,681	6,158,967
Borrowings	17	4,740,757	4,539,875
Income Tax	9	166,850	356,963
Total current liabilities		13,470,288	11,055,805
Non-current liabilities			
Borrowings	17	2,002,119	1,183,254
Deferred tax	9	-	-
Total non-current liabilities		2,002,119	1,183,254
Total liabilities		**15,472,407**	**12,239,059**
Net assets		**4,653,849**	**5,713,712**
Equity			
Issued capital	18	8,483,553	7,222,087
Foreign currency translation reserve	19	(375,047)	(377,564)
Accumulated losses		(3,454,657)	(1,130,811)
Total equity		**4,653,849**	**5,713,712**

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 2018

	Issued Capital $	Foreign Currency Translation $	Retained Profits/ (Accumulated losses) $	Total $
Balance at 30 June 2016	4,273,937	(64,892)	2,379,598	6,588,643
Loss after income tax expense for the year	-	-	(3,510,409)	(3,510,409)
Other comprehensive income for the year, net of tax	-	(312,672)	-	(312,672)
Total comprehensive income for the year	-	(312,672)	(3,510,409)	(3,823,081)
Transactions with owners in their capacity as owners:				
Conversion of convertible notes	2,554,211	-	-	2,554,211
Issue of shares	393,939	-	-	393,939
	2,948,150	-	-	2,948,150
Balance at 30 June 2017	**7,222,087**	**(377,564)**	**(1,130,811)**	**5,713,712**
Loss after income tax expense for the year	-	-	(2,323,847)	(2,323,847)
Other comprehensive income for the year, net of tax	-	2,517	-	2,517
Total comprehensive income for the year	-	2,517	(2,323,847)	(2,321,330)
Transactions with owners in their capacity as owners:				
Issue of shares	1,475,000	-	-	1,475,000
Capital raising costs	(213,534)	-	-	(213,534)
	1,261,466	-	-	1,261,466
Balance at 30 June 2018	**8,483,553**	**(375,047)**	**(3,454,657)**	**4,653,849**

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 2018

	Note	2018 $	2017 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		12,558,708	10,489,559
Payments to suppliers and employees (inclusive of GST)		(12,136,634)	(12,145,555)
		422,073	(1,655,996)
Other income		61,963	527,448
Interest received		11,171	10,627
Interest paid		(569,004)	(471,854)
Income taxes paid		(190,113)	(280,184)
Net cash provided by/(used in) operating activities	21	**(263,910)**	**(1,869,959)**
Cash flows from investing activities			
Payment for property, plant and equipment		(3,671,141)	(959,727)
Proceeds from disposal of property, plant and equipment		30,625	-
Purchase of financial assets		(32,151)	(148,436)
Net cash used in investing activities		**(3,672,667)**	**(1,108,163)**
Cash flows from financing activities			
Proceeds from issue of Convertible Notes		995,226	2,811,350
Proceeds/(repayment) of trust receipts		(1,825,225)	571,502
Repayment of banker acceptance		(88,407)	(892,365)
Proceeds from term loan		2,084,075	35,867
Repayment of term loan		(368,435)	-
Net repayment of hire purchase creditors		(106,413)	(127,273)
Proceeds of borrowings from related parties		-	146,426
Proceeds from shares yet to be issued		2,103,587	-
Proceeds from issue of shares		1,475,000	393,939
Share issue transaction costs		(213,534)	-
Net cash provided by / (used in) financing activities		**4,055,874**	**2,939,476**
Net increase/(decrease) in cash and cash equivalents held		**119,297**	**(38,646)**
Cash and cash equivalents at beginning of financial year		(604,589)	(528,302)
Effect of exchange rate changes on cash and cash equivalents		(206,578)	(37,641)
Cash and cash equivalents at end of financial year/period	10	**(691,870)**	**(604,589)**

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 2018

1. General information

The financial statements cover Voltage IP Limited as a consolidated entity 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. The subsidiaries functional currency is Malaysian Ringgit. 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 consolidated entity's operations and its principal activities are included in the Directors' Report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 27 September 2018.

Going Concern
The annual financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

As disclosed in the financial statements, the consolidated entity reported a loss for the year after income tax of $2,323,847 (2017: loss of $3,510,409) and had net cash outflows from operating activities of $263,910 (2017: outflow of $1,869,959). As at that date, the consolidated entity had net current liabilities of $7,993,185 (2017: $3,376,086).

These factors indicate a material uncertainty which may cast significant doubt as to whether the consolidated entity will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The Directors believe there are reasonable grounds to believe the consolidated entity will be able to continue as a going concern, after consideration of the following factors:

On 30 August 2018 the Company announced that as a result of continued growth and the ongoing capital restructuring of the Company and its subsidiaries, the Directors had finalised two Subscription Agreements to raise a total of $10 million.

The first Subscription Agreement is with Leading and Junction Sdn Bhd (a Malaysian incorporated Company) (Leading) to raise $8 million pursuant to the issue of 276,745,764 fully paid ordinary shares at an issue price of $0.0289 per share (Leading Placement). The Company confirms having received $3.5m of the Leading Placement, with the balance to be received as follows:

- MYR 1,500,000 ($0.5 million) on or before 30 September 2018
- MYR 5,000,000 ($1.667 million) on or before 30 October 2018
- MYR 7,000,000 ($2.334 million) on or before 30 December 2018

The second Subscription Agreement is with Endless Earnings Sdn Bhd (a Malaysian incorporated Company that is associated with Director Chin Kar Yang) (Endless) to raise $2 million pursuant to the issue of 69,186,458 fully paid ordinary shares at an issue price of $0.0289 per share (Endless Placement). Proceeds of the Endless Placement to be received as follows:

- MYR 1,000,000 ($667 thousand) on or before 30 September 2018
- MYR 1,000,000 ($667 thousand) on or before 30 October 2018
- MYR 1,000,000 ($667 thousand) on or before 30 November 2018

Notes to the Financial Statements
For the year ended 30 June 2018

1. General information (continued)

The $10 million to be raised pursuant to the two Subscription Agreements will be applied towards expanding the Company's existing business activities, the repayment of debt, existing creditors and for working capital purposes.

The Leading Placement is conditional on the Company receiving shareholder approval in accordance with ASX Listing Rule 7.1 and item 7 of section 611 of the Corporations Act.

The Endless Placement is conditional on the Company receiving shareholder approval in accordance with ASX Listing Rules 7.1 and 10.11.

Accordingly, the Directors believe that the consolidated entity will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

The financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the consolidated entity does not continue as a going concern.

Notes to the Financial Statements (continued)
For the year ended 30 June 2018

2. 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 27.

Notes to the Financial Statements
For the year ended 30 June 2018

2. 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 2018 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 2018

2. 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 2018

2. 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 2018

2. 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 advance payments of 15% of the order value and the balance of payment upon delivery. In certain situations credit is provided for up to 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 180 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 2018

2. 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. 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 2018

2. 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 2018

2. 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 2018

2. 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 2018

2. 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 2018

2. 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 2018

2. 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 2018

3. 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 2018. 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 assessed that the adoption of this standard would have no material impact to 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 2018

3. 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 assessed that the adoption of this standard would have no material impact to 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 2018 but assessed that the adoption of this standard would have no material impact to the consolidated entity.

Notes to the Financial Statements (continued)
For the year ended 30 June 2018

4. 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.

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.

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 2018

5. 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.

		2018		
	Malaysia	**Australia**	**Elimination**	**Total**
	$	**$**		**$**
Revenue	11,391,412	-	-	11,391,412
Other income	707,605	330	-	707,935
Earnings before Interest, Tax, depreciation and amortisation	(312,197)	(660,201)	-	(972,398)
Depreciation	(636,188)	-	-	(636,188)
Finance costs	(523,291)	(191,968)	-	(715,259)
Net loss before Income tax expense	(1,471,676)	(852,169)	-	(2,323,847)
Income tax expense/benefit	-	-	-	-
Net loss after income tax expense	(1,471,676)	(852,169)	-	(2,323,847)
Total assets	19,981,191	7,948,649	(7,803,584)	20,126,256
Total liabilities	(21,706,581)	(1,860,581)	8,094,755	(15,472,407)

		2017		
	Malaysia	**Australia**	**Elimination**	**Total**
	$	**$**		**$**
Revenue	9,032,903	-	-	9,032,903
Other income	535,425	288,991	(286,341)	538,075
Earnings before Interest, Tax, depreciation and amortisation	(1,477,813)	(728,506)	(286,341)	(2,492,660)
Depreciation	(557,389)	-	-	(557,389)
Finance costs	(643,763)	(125,873)	286,341	(483,295)
Net loss before Income tax expense	(2,678,965)	(854,379)	-	(3,533,344)
Income tax expense	22,935	-	-	22,935
Net loss after income tax expense	(2,656,030)	(854,379)	-	(3,510,409)
Total assets	17,921,202	6,309,075	(6,277,506)	17,952,771
Total liabilities	17,177,432	630,303	(5,568,676)	12,239,059

Notes to the Financial Statements (continued)
For the year ended 30 June 2018

6. Sales Revenue

	Consolidated 2018 $	Consolidated 2017 $
Sales Revenue	11,391,412	9,032,903

7. Other Revenue

	Consolidated 2018 $	Consolidated 2017 $
Other revenue	46,579	57,311
Interest revenue	26,556	10,627
Rental income	-	470,137
Gain on sale of property, plant and equipment	27,938	-
Unrealised gain on foreign exchange	606,862	-
	707,935	538,075

8. Expenses

	Consolidated 2018 $	Consolidated 2017 $
General and administration expenses:		
Employee wages and related costs	277,730	386,330
Directors fees	448,493	461,841
Doubtful debts	1,042,101	54,872
Bad debts	-	1,401
Rental expense relating to operating leases	-	-
Depreciation[1]	104,764	79,803
Auditors fees	170,313	167,150
Other administration expenses	417,329	631,371
	2,460,730	1,782,768
Depreciation (included in general and administrative expenses):		
Leasehold Land	-	23,846
Leasehold buildings	88,650	32,552
Motor Vehicles	7,243	17,046
Office equipment	8,872	6,359
Capital works in progress	-	-
	104,765	79,803
Depreciation (included in costs of goods sold):		
Plant and equipment	531,425	477,586
Other expenses:		
Loss on disposal of property, plant and equipment	18,464	-
Foreign exchange losses	22,242	367,746
	40,706	367,746

Notes to the Financial Statements (continued)
For the year ended 30 June 2018

9. Tax

	Consolidated 2018 $	Consolidated 2017 $
Income Tax Expense		
Current tax	-	51,916
Deferred tax - origination and reversal of temporary differences	-	(74,851)
Aggregate income tax expense	-	22,935
Numerical reconciliation of income tax expense and tax at the statutory rate		
Profit (Loss) before income tax expense	(2,323,847)	(3,533,344)
Tax at the statutory tax rate of 27.5% (2017: 30%)	(639,058)	(1,060,003)
Tax effect of:		
- non-deductible expenses	272,431	320,633
• non assessable income	(147,394)	-
• impact of different tax rates	52,526	144,816
• temporary differences	148,557	-
Tax losses not brought to account	312,938	519,703
Under provision in prior year	-	51,916
Income tax benefit	-	(22,935)
Unrecognised carried forward tax losses		
Tax losses (Taxation Benefit)	2,970,610	1,814,219

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 2018 $	Consolidated 2017 $
Provision for tax payable	166,850	356,963

Deferred Tax Asset and Liabilities

Deferred Tax Liability arising from temporary differences	-	-

Notes to the Financial Statements (continued)
For the year ended 30 June 2018

10. 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 2018 $	Consolidated 2017 $
Cash at bank		367,327	456,957

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	2018 $	2017 $
Balances as above		367,327	456,957
Bank overdraft	17	(1,059,197)	(1,061,546)
Balance as per statement of cash flows		(691,870)	(604,589)

11. Financial Assets

	Consolidated 2018 $	Consolidated 2017 $
Deposits	292,988	260,837

The fixed deposits, amounting to $292,988 (2017: $260,837) with licensed banks, have been pledged to secure banking facilities granted to the Company in previous financial years, as disclosed in Note 17.

The interest rates of fixed deposits as at balance sheet date range from 3.10% to 3.45% (2017: 3.10% to 3.45%) per annum.

The fixed deposits of the Company have a maturity period of 12 months (2017: 12 months).

Notes to the Financial Statements (continued)
For the year ended 30 June 2018

12. Trade and Other Receivables

	Consolidated 2018 $	Consolidated 2017 $
Trade Receivables	1,866,310	2,751,396
Less Provision for Doubtful Debts	(1,163,624)	(53,712)
	702,686	2,697,684
Other Receivables	207,630	219,696
Receivable from related parties[1]	122,138	110,335
	1,032,454	3,027,714

[1] Receivable from Keng Lek Engineering Sdn Bhd, a Director-related entity of Wee Min Chen and Kay Wen Chen. An advance was provided to Keng Lek Engineering in a previous year. The movement in value at 30 June 2018 from the prior period relates to the change in the exchange rate.

Impairment of receivables
The consolidated entity has recognised a loss of $1,042,101 (2017: $54,872) in profit or loss in respect of impairment of receivables for the year ended 30 June 2018.

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

	2018	2017
0 to 3 months overdue	-	-
3 to 6 months overdue	6,219	-
Over 6 months overdue	1,157,405	53,712
	1,163,624	53,712

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

	2018	2017
Opening balance	53,712	179,519
Additional provisions recognised	1,042,101	54,872
Receivables written off during the year as uncollectable	-	(182,080)
Receivable recovered	-	1,401
Translation	67,811	-
Closing balance	1,163,624	53,712

Past due but not impaired
Customers with balances past due but without provision for impairment of receivables amount to $671,027 at 30 June 2018 ($2,137,799 as at 30 June 2017).

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 2018 $	Consolidated 2017 $
0 to 3 months overdue	191,665	308,876
3 to 6 months overdue	115,198	336,372
Over 6 months overdue	364,164	1,492,551
	671,027	2,137,799

Notes to the Financial Statements (continued)
For the year ended 30 June 2018

13. Inventories

	Consolidated	
	2018	2017
	$	$
Raw Materials	1,228,435	1,025,830
Work in Progress	758,839	617,673
Finished Goods	1,726,080	2,217,124
	3,713,354	3,860,627

14. Other Assets

	Consolidated	
	2018	2017
	$	$
Deposits	50,682	56,001
Prepayments	20,298	17,582
	70,980	73,584

15. Property, Plant and Equipment

	Consolidated	
	2018	2017
	$	$
Leasehold Land	4,991,432	4,218,433
Leasehold Buildings	1,623,332	1,630,387
Plant and equipment	4,243,441	4,232,746
Office equipment	97,880	67,124
Motor vehicles	12,194	8,572
Capital works in progress	3,683,355	115,792
	14,649,153	10,273,052

The leasehold Land and Buildings are pledged to licensed banks for banking facilities granted to the Company as disclosed in Note 17.

Notes to the Financial Statements (continued)
For the year ended 30 June 2018

15. Property, Plant and Equipment (continued)

	Leasehold Land $	Leasehold Buildings $	Plant & Equipment $	Office equipment $	Motor Vehicles $	Capital works $	Total $
2018 - Cost							
As at 1 July 2017	4,339,499	1,780,105	5,236,900	81,191	74,827	115,792	11,625,837
Additions	187,686	50,091	196,761	30,858	12,,401	3,581,007	4,058,804
Transfer	-	-	-	-	-	-	-
Disposals	-	-	(106,872)	-	(82,832)	(25,832)	(215,536)
Translation	464,247	190,438	560,250	5,944	8,005	12,388	1,241,270
As at 30 June 2018	4,991,432	2,020,634	5,887,039	117,993	12,401	3,683,355	16,712,853
2018 – Accumulated Depreciation							
As at 1 July 2017	(121,066)	(149,719)	(1,004,155)	(11,590)	(66,255)	-	(1,352,785)
Depreciation	-	(88,650)	(531,423)	(8,872)	(7,243)	-	(636,188)
Transfer	134,018	(134,018)	-	-	-	-	-
Disposals	-	-	52,749	-	81,106	-	133,855
Translation	(12,952)	(24,916)	(160,769)	(2,130)	(7,815)	-	(208,582)
As at 30 June 2018	-	(397,303)	(1,643,598)	(22,592)	(207)	-	(2,063,700)
2018 – Written Down Value							
As at 1 July 2017	4,218,433	1,630,387	4,232,746	67,124	8,572	115,792	10,273,052
As at 30 June 2018	4,991,432	1,623,331	4,243,441	95,400	12,194	3,683,355	14,649,153

	Leasehold Land $	Leasehold Buildings $	Plant & Equipment $	Office equipment $	Motor Vehicles $	Capital works $	Total $
2017 - Cost							
As at 1 July 2016	2,097,915	1,324,928	4,062,576	25,376	200,446	1,669,872	9,381,113
Additions	2,463,195	83,326	546,862	59,028	-	21,682	3,174,093
Transfers	-	516,829	913,363	(12,372)	-	(1,417,820)	-
Disposals	-	-	-	-	(27,837)	-	(27,837)
Translation	(221,611)	(144,977)	(285,900)	6,681	(97,782)	(157,942)	(901,532)
As at 30 June 2017	4,339,499	1,780,105	5,236,900	81,191	74,827	115,792	11,625,837
2017 – Accumulated Depreciation							
As at 1 July 2016	(111,127)	(80,757)	(599,783)	(5,896)	(172,852)	49,046	(921,370)
Depreciation	(23,846)	(32,552)	(477,586)	(6,359)	(17,046)	(44,407)	(557,388)
Transfer	-	(46,723)	91,130	-	-	-	-
Disposals	-	-	-	-	27,837	-	27,837
Translation	13,907	10,313	(17,915)	665	95,806	(4,639)	98,137
As at 30 June 2017	(121,066)	(149,719)	(1,004,155)	(11,590)	(66,255)	-	(1,352,785)
2017 – Written Down Value							
As at 1 July 2016	1,986,788	1,244,171	3,462,793	19,480	27,593	1,718,918	8,459,744
As at 30 June 2017	4,218,433	1,630,387	4,232,746	67,124	8,572	115,792	10,273,052

Notes to the Financial Statements (continued)
For the year ended 30 June 2018

16. Trade and Other Payables

	Consolidated 2018 $	Consolidated 2017 $
Trade payables	3,640,162	3,523,775
Payable to related parties[1]	144,941	-
Payable – applications for issued capital[2]	2,103,587	-
Other payables and accruals	2,673,991	2,635,192
	8,562,681	6,158,967

[1] 'Payables to related parties' relates to accruals of Directors fees and advisory fees to retired Director.

[2] 'Payable – applications for issued capital' relates to share application proceeds received in advance, net of capital costs incurred. The Company received a total of $2,103,587, net of costs, from various applicants. Of this amount, $1,876,864 was received from Leading and Junction Sdn Bhd (refer note 1).

17. Financial Liabilities

	Consolidated 2018 $	Consolidated 2017 $
Current		
Trust receipts[1]	687,910	2,368,459
Bankers Acceptances [2]	-	88,407
Hire purchase loans [3]	60,895	132,795
Term loans[4]	1,326,087	277,227
Convertible notes[5]	1,606,667	611,441
Overdraft [6]	1,059,198	1,061,546
	4,740,757	4,539,875
Non- Current		
Hire purchase loans[3]	12,719	47,234
Term Loans [4]	1,989,400	1,136,020
	2,002,119	1,183,254

Current Financial Liabilities includes $912,114 (2017: $nil) of Term Loans reallocated from non-current as the term loan facilities with Hong Leong Bank and AmBank are currently subject to a review at the end of the financial year.

The following covenants with Hong Leong Bank are measured annually, based upon the results of the subsidiary entity, KLE Products Sdn Bhd, being:

i. minimum revenue of $10 million (MYR30 million) or more, and
ii. minimum net profit before tax of $0.833 million (MYR 2,500,000) or more.

As at the date of this financial report, the Hong Leong Bank has not remedied the default in the terms of their loan facility, nor advised or taken any subsequent action. As a result $572,551 has been reclassified from non-current liabilities to current liabilities.

The Term Loan facility with the AmBank is in the process of being reviewed by the Bank. There is no default or breach and the Group has been making payments as required under the loan facility. As the facility is currently under review, $339,563 has been reclassified from non-current liabilities to current liabilities.

Notes to the Financial Statements (continued)
For the year ended 30 June 2018

17. Financial Liabilities (continued)

[1] The trust receipt of the Company bears interest at rates ranging from 1.1% to 1.5% (2017: 1.25%-1.5%) per annum above the bank's base lending rate and has maturity period of 150 days (2017: 120 to 150 days).

[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 11;
- Legal charge over the Company's leasehold land and building as disclosed in Note 15;
- Jointly and severally guaranteed by certain Directors of the Company; and
- Corporate guarantee from a Company in which certain Directors have interest.

[3] The annual effective interest rates of the hire purchase liabilities range from 4.55% to 14.50% (2017: 4.55% to 14.50%) per annum.

[4] 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 15;
- Jointly and severally guaranteed by certain Directors of the Company; and
- Assignment of a Single Premium Reducing Term Plan.

During the current year the Company secured a $2.6 million loan from Al-Rahji Bank with a repayment term of 15 years commencing September 2017 and at an interest rate of 8.5% per annum. This loan was to fund the acquisition of land in the prior financial year for the purpose of expanding the glove production lines.

[5] The convertible notes of the consolidated entity are unsecured. The coupon rate is 12% per annum and they convert to shares at $0.05 per share. The expiry date is October 2018 and January 2019.

[6] 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 11 ;
- Legal charge over the Group's leasehold land and building as disclosed in Note 15;
- Jointly and severally guaranteed by certain Directors of the Group; and
- Corporate guarantee from a Group in which certain Directors have interest.

Refer to note 22 for further information on financial instruments.

	Consolidated			
	2018 $		2017 $	
Hire purchase loans:	**Future Minimum lease payments**	**Present value of future minimum lease payments**	**Future Minimum lease payments**	**Present value of future minimum lease payments**
Minimum hire purchase payments:				
-not later than one year	64,140	60,895	141,332	132,795
-later than one year and not later than five years	13,962	12,719	50,794	47,234
-later than five years	-	-	-	-
	78,102	**73,614**	**192,126**	**180,029**
Less: Future finance charges	(4,488)	-	(12,097)	-
Present value of hire-purchase loans recognised as liabilities	**73,614**	**73,614**	**180,029**	**180,029**
Representing:				
Hire purchase loans: current		60,895		132,795
Hire purchase loans; non-current		12,719		47,234
Total		73,614		180,029

Hire purchase commitments includes contracted amounts for various plant and equipment under hire purchase loans expiring within one to three years.

Notes to the Financial Statements (continued)
For the year ended 30 June 2018

18. Issued Capital

	2018 Shares	2017 Shares	2018 $	2017 $
Ordinary shares fully paid	384,312,495	354,812,495	8,483,553	7,222,087
Movement in ordinary shares	**2018 Number of shares**	**2018 $**	**2017 Number of shares**	**2017 $**
Opening balance	354,812,495	7,222,087	321,391,596	4,273,937
Conversion of convertible notes[1]	-	-	25,542,119	2,554,211
Issue of shares[2]	-	-	7,878,780	393,939
Issue of shares[3]	9,200,000	460,000	-	-
Issue of shares[4]	10,000,000	500,000	-	-
Issue of shares[5]	10,300,000	515,000	-	-
Capital raising costs[6]	-	(213,534)	-	-
Closing balance at end of year	384,312,495	8,483,553	354,812,495	7,222,087

1. In March 2017 25,542,119 ordinary shares were issued by converting 17,028,079 Convertible Notes at $0.05 per share.
2. On 30 June 2017 the Company issued 7,878,780 ordinary shares at $0.05 per share.
3. On 22 December 2017 the Company issued 9,200,000 ordinary shares at $0.05 per share.
4. On 26 February 2018 the Company issued 10,000,000 ordinary shares at $0.05 per share.
5. On 20 March 2018 the Company issued 10,300,000 ordinary shares at $0.05 per share.
6. Capital raising costs were incurred in respect of the preparation and completion of the issue of convertible notes.

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 issued 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 maximized 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 maximize 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 2017 Annual Report.

Notes to the Financial Statements (continued)
For the year ended 30 June 2018

18. Reserves

	Consolidated 2018 $	2017 $
Foreign currency translation reserve	(375,047)	(377,564)

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.

19. Commitments

The consolidated entity has no operating lease commitments at 30 June 2018 (2017: nil). The consolidated entity is in process of constructing an additional glove manufacturing line. The commitments at 30 June 2018 are $4,549,833 (2017 $nil)

20. Earnings per Share

	Consolidated 2018 $	2017 $
Loss after income tax	(2,323,847)	(3,510,409)

	2018 No.	2017 No.
Weighted average number of ordinary shares during the year used in calculating basic earnings per share	368,475,394	323,411,001
Weighted average number of ordinary shares during the year used in calculating diluted earnings per share	368,475,394	323,411,001
Basic earnings per share (cents)	(0.63)	(1.09)
Diluted earnings per share (cents)	(0.63)	(1.09)

21. Reconciliation of loss after income tax to net cash flows from operating activities

	Consolidated 2018 $	2017 $
Loss after income tax expense for the year	(2,323,847)	(3,510,409)
Adjustments for:		
Doubtful debts expense	1,042,101	54,872
Bad debt written off	-	1,401
Depreciation	636,188	557,389
Foreign exchange differences	(494,784)	528,365
Gain on disposal of property, plant and equipment	(9,474)	-
Accrued interest expense	146,255	-
Change in operating assets & liabilities:		
Decrease in trade receivables	765,211	1,456,656
Decrease in other receivables	253	142,098
(Increase) in inventories	(52,712)	(1,284,040)
Decrease in other assets	2,604	18,109
Increase in trade and other payables	214,407	468,718
(Decrease) in taxation payable	(190,113)	(303,118)
Net cash inflow/(outflow) from operations	(263,910)	(1,869,959)

Notes to the Financial Statements (continued)
For the year ended 30 June 2018

22. Fair value measurement

Fair value hierarchy

The following tables detail the consolidated entity's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

Consolidated - 2018	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Liabilities				
Convertible notes payable	-	-	1,606,667	1,606,667
Total liabilities	-	-	1,606,667	1,606,667

Consolidated - 2017	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Liabilities				
Convertible notes payable	-	-	611,441	611,441
Total liabilities	-	-	611,441	611,441

There were no transfers between levels during the financial year.

The carrying amounts of trade and other receivables and trade 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, and due to their short term is close to their nominal value.

Valuation techniques for fair value measurements categorised within level 2 and level 3
Unquoted investments have been valued using a discounted cash flow model.

23. 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	
	2018 **$**	**2017** **$**
Short-term employee benefits	591,224	609,236
Short term incentives	-	-
Post-employment benefits	27,895	37,318
	619,119	646,554

Notes to the Financial Statements (continued)
For the year ended 30 June 2018

24. 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	2018	2017
Financial Assets		$	$
Cash and cash equivalents	10	367,327	456,957
Other financial assets	11	292,988	260,837
Trade and other receivables	12	1,032,454	3,027,714
Total financial assets		1,692,769	3,745,508
Financial Liabilities			
Trade and other payables[1]	16	8,562,681	6,158,967
Borrowings – current[2]	17	4,740,757	4,539,875
Borrowings – non-current[2]	17	2,002,119	1,183,254
Total financial liabilities		15,305,557	11,882,096

[1]Trade and other payable's includes share application proceeds received in advance, net of capital costs incurred of $2,103,586 from various applicants. Of this amount, $1,876,864 was received from Leading and Junction Sdn Bhd (refer note 1).

[2] Borrowings - Current Financial Liabilities includes $912,114 (2017: $nil) of Term Loans reallocated from non-current as the term loan facilities with Hong Leong Bank and AmBank are currently subject to a review at the end of the financial year. For further details, refer to Note 17.

On 30 August 2018 the Company announced that as a result of continued growth and the ongoing capital restructuring of the Company and its subsidiaries, the Directors had finalised two Subscription Agreements to raise a total of $10 million. The $10 million to be raised pursuant to the two Subscription Agreements will be applied towards expanding the Company's existing business activities, the repayment of debt, existing creditors and for working capital purposes. The capital subscriptions are subject to shareholder approval.

Notes to the Financial Statements (continued)
For the year ended 30 June 2018

24. Financial Risk Management (continued)

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.

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**	
	2018	**2017**	**2018**	**2017**
Consolidated	**$**	**$**	**$**	**$**
Malaysian Ringgit	20,372,614	12,264,223	(21,098,005)	(37,163,544)

The consolidated entity had net liabilities denominated in foreign currencies of (MYR 725,391) as at 30 June 2018 (2017: net liabilities of MYR 24,899,321).

Based on this exposure, had the Australian dollar weakened by 5%/strengthened by 5% (2017: 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 $34,542 lower/$34,542 higher (2017: $376,931 lower/$376,931 higher) and equity would have been $34,542 lower/$34,542 higher (2017: $376,931 lower/$376,931 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 realised foreign exchange loss for the year ended 30 June 2018 was $22,242 (2017: gain $36,775).

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

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 minimises credit risk by obtaining agency credit information, obtaining advance payment and monitoring receivable balances on an ongoing basis. The 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.

Notes to the Financial Statements (continued)
For the year ended 30 June 2018

24. Financial Risk Management (continued)

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:

Consolidated	2018 Weighted average interest rate	2018 Balance	2017 Weighted average interest rate	2017 Balance
	%	$	%	$
Trust receipts	1.25-1.55	687,910	1.25-1.50	2,368,459
Bankers Acceptances	BA COF + 1.55	-	BA COF + 1.25	88,407
Hire Purchase	2.4-3.8	73,614	2.4-3.8	180,029
Overdraft	BLR +1.25 - 1.55	1,059,197	BLR +1.25 - 1.5	1,061,546
Term Loans	6.8	3,315,488	7.3	1,413,247
Convertible Notes	12	1,606,667	12	611,441
Net exposure to cash flow interest rate risk		6,742,876		5,723,129

BLR = Base Lending Rate (for Malaysia)

BA COF = Bankers Acceptance Cost of Funds

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 2018	Consolidated 2017
	$	$
Bank overdraft	107,078	-
Term loan	6,765	105,135
Combined trade line	1,658,170	-
Forward exchange contract	1,675,772	-
	3,447,785	105,135

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

Notes to the Financial Statements (continued)
For the year ended 30 June 2018

24. Financial Risk Management (continued)

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.

Consolidated 2018	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	-	8,562,681	-	-	-
Interest-bearing – variable rate					
-Bank overdraft	BLR +1.25 to1.55	1,059,198	-	-	-
-Trust receipts	1.25 to 1.55	687,910	-	-	-
-Bankers Acceptances	BA COF + 1.55	-	-	-	-
Interest-bearing - fixed rate					
-Borrowings	6.8	1,326,087	946,686	946,686	96,028
-Convertible Notes	12	1,606,667	-	-	-
-Hire purchase	2.4-3.8	60,895	12,719	-	-
Total non-derivatives		13,303,438	959,405	946,684	96,028

Consolidated 2017	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	-	6,158,967	-	-	-
Interest-bearing – variable rate					
-Bank overdraft	BLR +1.25 to1.50	1,061,546	-	-	-
-Trust receipts	1.25 to 1.50	2,363,459	-	-	-
-Bankers Acceptances	BA COF + 1.25	88,407	-	-	-
Interest-bearing - fixed rate					
-Borrowings	7.3	277,223	256,473	714,234	164,313
-Convertible Notes	12	611,441	-	-	-
-Hire purchase	2.4-3.8	132,795	47,234	-	-
Total non-derivatives		10,698,843	303,707	714,234	165,313

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 2018

25. 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	
	2018	**2017**
	$	**$**
Audit and review of the financial statements: RSM Australia Partners	80,650	57,150
Audit and review of the financial statements RSM Malaysia	55,000	50,000
Other services: RSM Australia Partners	-	60,000
	135,650	167,150

26. Contingencies

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

27. Related Party Transactions

Parent entity -Voltage IP Limited is the parent entity.
Subsidiaries -Interests in subsidiaries are set out in note 29.
Key management personnel - Disclosures relating to key management personnel are set out in note 22 and the remuneration report included in the Directors' report.

The following transactions occurred with related parties:

- Transactions with Keng Lek Engineering (Director-related entity of Wee Min Chen and Kay Wen Chen) for rental of motor vehicles.
- Transactions with Wee Min Chen in his capacity as an advisor.
- Transactions with Ricky Chong (Key management personnel) for rental of machinery.
- Transactions with Sanston Securities Australia Pty Ltd (Director related entity of Frank Licciardello) in respect of capital raising.
- Transactions with Kah Ling Chang in her capacity as a lawyer for the Group, approximating $17,000.
- Amounts payable to Alpha teamwork for unpaid and outstanding director fees payable to Ai Ling Chong.

	Consolidated	
	2018	**2017**
	$	**$**
-Other purchases	-	39,364
-Rental of motor vehicles	22,117	-
-Rental of machinery	-	74,715
-Advisor fees	94,895	249,453
-Capital raising fees	77,042	-
The following balances are outstanding at 30 June in relation to transactions with related parties:		
Current receivables		
- Receivables from Keng Lek Engineering	122,138	110,335
Current payables		
-Accrued advisor fees to Wee Min Chen	95,519	-
-Accrued Directors fees	49,422	-
-Payable to Alpha teamwork	12,000	-

Loans to/from related parties
There were no loans to/from related parties at 30 June 2018 or 30 June 2017.

Notes to the Financial Statements (continued)
For the year ended 30 June 2018

28. Parent entity information

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

	Parent	
Statement of profit or loss and other comprehensive income	**2018** **$**	**2017** **$**
Loss after income tax expense	(852,169)	(532,562)
Total comprehensive Loss	(852,169)	(532,562)

	Parent	
Statement of financial position	**2018** $	**2017** $
Total current assets	145,066	32,341
Total non-current assets	7,803,583	6,276,734
Total assets	7,948,649	6,309,075
Total current liabilities	(1,860,581)	(630,303)
Total non-current liabilities	-	-
Total liabilities	(1,860,581)	(630,302)
Net assets	6,088,068	5,678,771
Equity		
Issued capital	55,187,215	53,925,749
Retained profits	(49,099,147)	(48,246,978)
Total equity	6,088,068	5,678,771

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 2018 and 30 June 2017.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 30 June 2018 and 30 June 2017.

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 2, 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 2018

29. 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	Ownership %
Parent entity			
Voltage IP Limited	Australia	Australia	parent
Name of Controlled Entity			
KLE Products SDN. BHD.	Malaysia	Malaysia	100%
VIP Glove SDN. BHD.	Malaysia	Malaysia	100%

30. Events after the Reporting Period

On 30 August 2018 the Company announced that as a result of continued growth and the ongoing capital restructuring of the Company and its subsidiaries, the Directors had finalised two Subscription Agreements to raise a total of $10 million.

The first Subscription Agreement is with Leading and Junction Sdn Bhd (a Malaysian incorporated Company) (Leading) to raise $8 million pursuant to the issue of 276,745,764 fully paid ordinary shares at an issue price of $0.0289 per share (Leading Placement). The Company confirms having received $3.5m of the Leading Placement, with the balance to be received as follows:

- MYR 1,500,000 ($0.5 million) on or before 30 September 2018
- MYR 5,000,000 ($1.667 million) on or before 30 October 2018
- MYR 7,000,000 ($2.334 million) on or before 30 December 2018

The second Subscription Agreement is with Endless Earnings Sdn Bhd (a Malaysian incorporated Company that is associated with Director Chin Kar Yang) (Endless) to raise $2 million pursuant to the issue of 69,186,458 fully paid ordinary shares at an issue price of $0.0289 per share (Endless Placement). Proceeds of the Endless Placement to be received as follows:

- MYR 1,000,000 ($667 thousand) on or before 30 September 2018
- MYR 1,000,000 ($667 thousand) on or before 30 October 2018
- MYR 1,000,000 ($667 thousand) on or before 30 November 2018

The $10 million to be raised pursuant to the two Subscription Agreements will be applied towards expanding the Company's existing business activities, the repayment of debt, existing creditors and for working capital purposes.

The Leading Placement is conditional on the Company receiving shareholder approval in accordance with ASX Listing Rule 7.1 and item 7 of section 611 of the Corporations Act.

The Endless Placement is conditional on the Company receiving shareholder approval in accordance with ASX Listing Rules 7.1 and 10.11.

Notes to the Financial Statements (continued)
For the year ended 30 June 2018

31. Share-based payments

There was no share option plan as at 30 June 2018. There were no options granted in 2018.

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

2018

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

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

Grant date	Expiry date	2018 Number	2017 Number
28/01/2016	28/01/2019	23,500,000	23,500,000

The weighted average remaining contractual life of options outstanding at the end of the financial year was 0.6 years (2017: 1.6 years).

Directors' Declaration
For the year ended 30 June 2018

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 2018 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

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

Kah Ling Chang
Chairman

27 September 2018
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

Opinion

We have audited the financial report of Voltage IP Limited (the Company) and its subsidiaries (the consolidated entity), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the accompanying financial report of the consolidated entity 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 2018 and of its financial performance for the year then ended; and

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

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the consolidated entity in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial report, which indicates that the consolidated entity incurred a net loss of $2,323,847 and net cash outflows from operations of $263,910 during the year ended 30 June 2018 and, as at that date, the consolidated entity's current liabilities exceeded its current assets by $7,993,185. As stated in Note 1, these events or conditions, along with other matters set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the consolidated entity's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matters

Key Audit Matter	How our audit addressed this matter
Trade receivables recoverability Refer to Note 12 in the financial statements	
The statement of financial position shows net trade receivables after impairment of $702,686. The recoverability of trade receivables is considered a key audit matter, due to the materiality of overdue balances. There is significant management judgment in determining the collectability of receivables, and in estimating the appropriate level of provision against receivables which have become past due.	Our audit procedures in relation to assessing recoverability of trade receivables included: • Identifying and critically assessing long overdue balances, including those which have been and have not been provided against; • Reviewing and satisfying ourselves with the company's assessment of the recoverability of debtors and its provisioning for doubtful debts. This included consideration of the company's terms of trade with its customers, receipts subsequent to year-end and specific repayment experiences with individual debtors; and • Assessing the appropriateness of the disclosures relating to credit risk and to receivables past due.
Inventory valuation Refer to Note 13 in the financial statements	
The consolidated entity's inventory balance, as disclosed in Note 13, consists primarily of conveyor chains, former holder sets, gloves and raw materials. Inventory is valued at the lower of cost or net realisable value. The valuation at cost includes an area of judgement when assigning costs to individual unit items of inventory based on the absorption cost method. The determination of cost per unit requires a significant degree of management judgment. It involves assumptions based on the conversion costs of direct labour, fixed overheads, utilities, indirect raw materials and other variable costs. On the basis of the above, the valuation of inventory was considered to be a key audit matter.	Our audit procedures in relation to the valuation of inventory included: • Evaluating management's determination for what constitutes conversion costs that are included in the cost of inventories; • Assessing management's assumption and estimates in determining the cost per unit item against production output reports; and • Performing analytical procedures by comparing inventory turnover with prior periods and comparing recent sales volumes and prices to current inventory levels and ageing. We identified any slow moving inventories and assessed them for impairment.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the consolidated entity's annual report for the year ended 30 June 2018, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the consolidated entity to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the consolidated entity or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf.
This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 9 to 16 of the directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of Voltage IP Limited, for the year ended 30 June 2018, complies with section 300A of the Corporations Act 2001.

Responsibilities

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.

RSM

RSM AUSTRALIA PARTNERS

J S CROALL
Partner

Dated: 27 September 2018
Melbourne, Victoria

Corporate Governance Statement
For the year ended 30 June 2018

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 3rdEdition ("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 8 September 2018.

1. Substantial Shareholders

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

Shareholders	Number of Shares
Wee Min Chen	55,550,948
Ei Ling Chong	38,992,371
Lee Keong Wong	24.971.165

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	35	5,932	-	-
1,001 - 5,000	15	47,666	-	-
5,001 - 10,000	9	74,582	-	-
10,001 - 100,000	264	11,115,361	-	-
100,000 and over	139	373,068,954	5	23,500,000
	462	**384,312,495**	**5**	**23,500,000**

There were 66 shareholders holding less than a marketable parcel of 213,260 ordinary shares as at 8 September 2018.

4. **Option holder Information**

Top 20 Option holders as at 8 September 2018 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 and expire on 29 January 2019.

5. Members Information

Top 20 Shareholders as at 8 September 2018

Holder Name	Holding	% IC
Wee Min Chen	55,550,948	14.455
Ei Ling Chong	38,992,371	10.146
Lee Keong Wong	24,971,165	6.498
BNP Paribas Nominees Pty Ltd (UOB Kay Hian Priv Ltd)	17,348,601	4,514
HSBC Custody Nominees (Australia) Limited	12,808,057	3.333
Hock Guan Ng	10,986,342	2.859
Hee Kin Pang	10,666,667	2.776
Yat Yin Tai	10,000,000	2.602
Kok Leong Er	10,000,000	2.602
May Thian	9,937,213	2.573
Lee Keong Wong	9,177,950	2.388
Lige Wang	8,972,744	2.335
Citicorp Nominees Pty Ltd	7,724,130	2.010
Chan Wei Yet	6,300,000	1.639
Kam Tong Chia	6,060,600	1.577
RHB Securities Singapore Pte Ltd	5,477,145	1.425
Kong Loong Wong	4,834,790	1.258
Wee Onn Chen	4,785,313	1.245
Ng Chin Leh	4,000,000	1.041
Wu Hong Ng	4,000,000	1.041
Balance < Top 20 shareholders	121,718,459	31.671
Total Issued Capital	384,312,495	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.