



VOLT POWER GROUP LIMITED

ABN 62 009 423 189

ANNUAL REPORT

For the year ended 31 December 2019

Contents

Corporate Directory.....	3
Corporate Governance Statement	4
Corporate and Operational Review	4
Directors' Report.....	8
Auditors' Independence Declaration	18
Consolidated Statement of Profit or Loss and Other Comprehensive Income	19
Consolidated Statement of Financial Position.....	20
Consolidated Statement of Changes in Equity.....	21
Consolidated Statement of Cash Flows	22
Notes to the Consolidated Financial Statements	23
Directors' Declaration	47
Independent Audit Report.....	48
Investor Information	52

Corporate Directory

ABN: 62 009 423 189

Directors

Simon Higgins
Non-Executive Chairman

Adam Boyd
CEO and Managing Director

Peter Torre
Non-Executive Director

Company Secretary

Peter Torre

Principal place of business

63 Abernethy Road
Belmont WA 6104
ph (08) 9437 4966

Registered office

Unit B9, 431 Roberts Road
Subiaco WA 6008

Share register

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

Auditor

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

Solicitors

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

Bankers

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

Stock Exchange Listings

Australian Securities Exchange (ASX)
ASX Code: VPR

Website

www.votlpower.com.au

Corporate Governance Statement

Volt Power Group Limited and the Board are committed to achieving and demonstrating the highest standards of corporate governance. Volt Power Group Limited has reviewed its corporate governance practices against the Corporate Governance Principles and Recommendations (3rd edition) published by the ASX Corporate Governance Council.

The 2019 corporate governance statement is dated as at 27 February 2019 and reflects the corporate governance practices in place throughout the financial year. A description of the Group's current corporate governance practices is set out in the Group's corporate governance statement which can be viewed at www.voltpowergroup.com.au/about.

Corporate and Operational Review

The directors provide you with the following corporate and operational review of the consolidated entity (referred to hereafter as the Group) consisting of Volt Power Group Limited ("Volt" or "the Company") and the entities it controlled at the end of, or during, the year ended 31 December 2019.

1. Summary

(a) Operations

Corporate

The salient Corporate activities during the period included:

- In August 2019, the primary business operations of the Company's largest and 24% shareholder, ECM Pty Ltd (ECM) were placed into voluntary administration.
- In November 2019, after detailed negotiations with the ECM senior secured creditor, Commonwealth Bank of Australia (CBA), the Volt Board secured commitments from existing and new sophisticated investors to:
 - Acquire the 2.0 billion Volt shares owned by ECM; and
 - Subscribe for 750 million new Volt shares at \$0.001 per share to raise \$750,000 of new funding.
- The new \$750,000 was raised to fund the ongoing development of the new Wescone W300 Series 4 crusher and next generation EcoQuip Mobile Solar Light & Communications Tower.
- At the completion of the sell down of the 2.0 billion Volt shares owned by ECM and placement of 750 million new Volt shares, interests associated with the Company CEO & Managing Director, Mr Adam Boyd became the Company's largest shareholder with a total shareholding of 16.01%.
- In August 2019, the Company subscribed for 3 new shares at \$40,000 per share in its 50% owned subsidiary EcoQuip Australia Pty Limited and its controlled entities (EcoQuip). The \$120,000 investment in EcoQuip increased the Company's ownership interest to 53%. In December 2019, the Company subscribed for 1 additional share for \$50,000 increasing its ownership interest to 54% as at 31 December 2019. EcoQuip applied the new funding to the ongoing development of its Mobile Solar Light & Communications Tower solution and for working capital purposes.
- The Company continued to pursue its previously advised WA Supreme Court Claim against the Wescone vendor for misleading and deceptive conduct (Wescone Claim). The Wescone vendor failed to disclose to the Company that BHP conducted a trial of the Wescone W300/3 crusher in 2015 (2015 BHP W300/3 Trial). The 2015 BHP W300/3 Trial crusher failed after only 6-weeks operation and at the time BHP advised Wescone that the W300/3 was no longer a viable technical solution for BHP. Further, that it had commenced an evaluation process to displace the Wescone W300 crusher with an alternative crushing solution.
- In October 2019, the initial Wescone Claim court trial date was vacated and rescheduled to October 2020. The court trial date change was necessary due to the time required to secure a court ordered subpoena to BHP to source the relevant 2015 BHP W300/3 Trial communication evidence between the Wescone vendor and BHP, for BHP to collate and provide these communications, and for these communications to be inspected and considered.

ATEN (100% owned)

The ATEN technology achievements during the period comprise:

- The Company continued extensive business development activity to promote the technical, commercial and zero-emission benefits of the ATEN waste heat to power technology to major resource and electricity sector power generation asset owners.

- An ATEN Waste Heat to Power Vs Solar Comparison Study was completed comparing the technical performance and costs of ATEN Vs Solar array installations co-located with open cycle gas turbine thermal generation assets. This ATEN Vs Solar Comparison Study confirmed that ATEN capital costs are between 40% - 65% cheaper to install than a generation equivalent Solar / Lithium battery hybrid installation.
- Importantly, the installation of the ATEN waste heat to power at an existing baseload open cycle turbine power generation asset to displace gas fuel use has a materially higher NPV than the installation and operation of new gas fueled capacity.
- The 40% - 65% ATEN installation cost benefit over Solar / Lithium battery hybrid installations has resonated with a number of larger resource sector businesses focused shareholder value and maximising carbon intensity reduction. In particular, ATEN generates baseload, zero emission electricity mitigating the significant power quality issues and thermal generation support fuel efficiency degradation associated with solar hybrid intermittency.

Wescone (100% owned)

Wescone salient activities and outcomes during the period comprised:

- The Wescone business continues to trade positively albeit below the business' historical positive cashflow performance.
- Wescone is the owner of the proprietary and unique W300 sample crusher installed extensively in port loading and assays system infrastructure utilized by the global iron industry and metallurgical laboratory sector.
- As previously advised to Volt shareholders, subsequent to the Wescone Acquisition, BHP Iron Ore Pty Ltd (BHP) advised the Company, inter alia, that BHP had conducted a trial of the Wescone W300-3 sample crusher between October 2015 and December 2015 (BHP W300/3 Trial). Further, that the BHP W300/3 Trial crusher had failed after only 6-weeks operation. BHP also confirmed that it had advised Wescone in 2015 that the W300-3 was no longer a viable technical solution for BHP. Further, that BHP had commenced an evaluation process to displace all Wescone W300 crushers with an alternative crushing solution. The non-disclosure of these matters by the vendor of Wescone to the Company prior to the Wescone Acquisition are the subject of legal proceedings detailed below.
- On 18 September 2018, the Company announced that BHP had suspended its service relationship with Wescone.
- On 4 January 2019, the Company announced that it had filed a Writ against the vendor of Wescone seeking an order that the agreement providing for the sale and purchase of Wescone is void by reason of misleading and deceptive conduct and further or alternatively, damages for contravention of the Competition and Consumer Act 2010 (Cth) and breach of contract as well as interest and costs. The Supreme Court trial commencement has been scheduled for October 2020 after the initial 2019 trial date was vacated due to the time required to subpoena the relevant historical 2015/16 communication documentation between the Wescone vendor from BHP.
- In 2019, Volt, Wescone and local engineering partners completed an extensive W300 redesign initiative to develop and manufacture a new Wescone crusher, the Wescone W300 Series 4. The Wescone 300 Series 4 initial prototype development was completed in January 2019. The new W300 Series 4 is identical to the W300-3 only from an installation perspective (with the exception of a negligible height gain of 25mm). Significantly, the new Wescone W300 Series 4 can accept 60% dimensionally larger iron ore lump (<80mm) and has significantly increased wear component strength and availability. The re-design was prompted by the performance deficiencies raised by BHP in correspondence between BHP and Wescone vendor in 2015/16 that was not disclosed to the Company prior to the Wescone acquisition.
- During 2019, BHP conducted two 20-week Wescone W300 Series 4 trials at the Mt Whaleback and Finucane Island Port ISO3082 sample systems.
- The first trial at Mt Whaleback was completed after an extended 26-week trial period without incident or failure achieving significantly improved reliability, availability and throughput performance relative to the Wescone W300/3 crusher that failed the BHP W300/3 Trial in December 2015.
- The second trial at the Finucane Island Port ISO3082 ship loading sample system was completed in December 2019 after a 21-week trial period. The Finucane Island Port trial performed without incident or failure. As per the Mt Whaleback trial, the new W300 Series 4 crusher achieved a significant reliability and availability performance improvement, relative to the historical performance of the Wescone W300/3 crusher.

- During early January 2020, BHP delivered a bulk sample of lump iron ore to the Wescone workshop to perform a controlled throughput performance test. After the successful completion of this performance testing, BHP confirmed that the new W300 Series 4 crusher was fit for purpose.
- BHP and the Company are currently working through proposed commercial terms for the supply of the Wescone W300 Series 4 crusher to replace Wescone W300 crushers utilized at BHPs WA iron ore operations.
- The ability for the Company and BHP to reach a commercial agreement for the long-term supply and repair of the W300 Series 4 is uncertain at the time of writing this report. The Company will update its shareholders on Wescone W300 Series 4 supply developments as they occur.
- During 2019, the new Wescone W300 Series 4 crusher achieved “patent pending” status and secured design registration status with the Australian Design Office.
- Wescone executed an exclusive Wescone OEM distribution agreement with IMP Automation (IMP) for the sale and service of Wescone crushing equipment solutions across the African continent. IMP is a global leader in the design and supply of automated, robotic sampling systems. In 2019, IMP was acquired by Danish global engineering and product supply business, FL Smidth subsequent to execution of the Wescone OEM distribution agreement.

EcoQuip Australia Pty Ltd (EcoQuip) (54% owned)

EcoQuip salient achievements and activities to the date of this report include:

- 65% utilization rate of its existing Mobile Solar Light / Communications Tower (MSLT / MCST) fleet.
- Establishment of all initial USA domiciled manufacturing supply chain arrangements and finalised design development of the ‘next generation’ EcoQuip Mobile Solar Light & Communications Tower (MSLT / MSCT Gen4) prototype for manufacture.
- Completed design and manufacture of a new proprietary MSLT / MSCT power management, performance control and data telemetry system (EcoControl 1.0).
- Completed the manufacture and assembly of 16 new ‘next generation’ MSLT Gen4 units and shipped 14 MSLT Gen4 units to Australia. These 14 MSLT units were delivered to the EcoQuip workshop in Perth WA in April 2019.
- Commenced MSLT Gen4 demonstration deployments with Chevron, BHP and Lend Lease. Discussions with these parties are ongoing and we continue to receive positive feedback from all operational personnel utilizing EcoQuip MSLT demonstration units.
- Commenced MSCT Gen4 demonstration deployment with Thiess Contracting as part of an autonomous drilling system trial with Caterpillar. The EcoQuip MSCT units are providing mobile Wi-Fi mesh reinforcement / point to point microwave and CCTV solution support. Thiess operational personnel have provided significant positive feedback with respect to the reliable performance of the EcoQuip solution.
- Various EoI submissions have been made to resource sector businesses for the supply of MSCT and MSLT solutions to support mine site lighting, environmental monitoring and autonomous mining & drilling system infrastructure integration.
- Commenced the development of an updated EcoControl power management, control and data capture system (EcoControl 2.0). This revised EcoControl 2.0 system will deliver improved charge efficiency, expanded MSLT & MSCT data capture capability and introduce new automated features to enhance operational performance reliability, eliminate unit intervention requirements (other than for fault rectification or redeployment) and enhance site operating system integration capability and remote operational management.
- Commenced strategic planning and discussions with US domiciled equipment hire businesses to establish arrangements for the distribution of EcoQuip MSLT & MSCT solutions in North America.
- Revised the MSLT Gen4 rental pricing structure to deliver a compelling 50% (approx..) cost saving relative to diesel fueled mobile lighting alternatives used throughout the resource & construction sectors and road traffic management markets including data capture and communication software subscription costs where required.
- Executed a national cross-hire alliance with RSEA Safety to deploy the MSLT Gen3 & Gen4 across national road construction and traffic markets.

(b) Financial performance and financial position

The financial results of the Group for the year ended 31 December 2019 are summarised as follows:

	2019 \$	2018 \$	Change %
Revenue	1,144,204	1,687,252	(32%)
Profit/(loss) for the period attributable to members	(1,874,882)	(4,510,785)	(58%)
Profit/(loss) per share	(0.0225)	(0.0555)	(59%)
Cash and cash equivalents	1,287,705	1,233,662	4%
Net tangible assets per share	0.0002	0.0004	(40%)

The Group made a loss for the year of \$1,874,882 (2018: loss of \$4,510,785), experienced net cash outflows from operating activities of \$31,743 (2018: cash outflow of \$1,384,366) and has a net asset balance of \$2,418,577 (2018: \$3,495,341).

The loss for the year ended 31 December 2018 included the following item of significance:

- Impairment loss on Goodwill of \$3,525,706.

The loss for the year ended 31 December 2019 included the following item of significance:

- Impairment loss on Goodwill of \$1,348,219.

The impairment loss on Goodwill for the year ended 31 December 2019 was considered by the Company and its auditors in order to comply with the technical requirements of Accounting Standard AASB 136 – Impairment of Assets. The Goodwill asset previously recorded on the Company's balance sheet for Wescone (\$784,828) and EcoQuip (\$599,391) has been fully impaired.

Whilst the Company's Board accepts the requirements of the AASB 136 – Impairment of Assets, the Board believes that both the Wescone and EcoQuip businesses have achieved significant new product development and value milestones during the year to be recognised in future periods.

The Wescone Goodwill acquired as part of the Wescone acquisition of \$4,274,534 has now been fully impaired. The Company's Board considers that this impairment loss and damage suffered by the Company is a direct result of BHP considering that the Wescone W300/3 crusher was no longer a technically viable solution for BHP. This factual and material circumstance was not communicated to the Company by the Wescone vendor during the due diligence period or prior to the acquisition of Wescone by the Company.

Directors' Report
For the year ended 31 December 2019

The directors present their report together with the financial report of the consolidated entity (referred to hereafter as the Group) consisting of Volt Power Group Limited ("Volt" or "the Company") and the entities it controlled at the end of, or during, the year ended 31 December 2019 and the auditor's report thereon.

1. Directors

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

- Mr Simon Higgins Non-Executive Chairman
- Mr Adam Boyd Chief Executive Officer and Managing Director
- Mr Peter Torre Non-Executive Director

2. Directors and officers

Simon Higgins – Non-Executive Chairman

Mr Higgins is currently the Chief Executive Officer and Managing Director of the ECM group of companies. ECM is a leading, privately owned construction and maintenance company servicing clients in the mining, oil and gas, power generation and infrastructure sectors.

During his tenure at ECM, Mr Higgins has overseen significant growth and development, including the diversification of service offering, entry into the oil and gas sector and interstate and intrastate expansion.

Mr Higgins is a past chairman of the National Electrical and Communications Association (NECA) WA, Electrical Group Training and the College of Electrical Training.

Other current and former directorships in last 3 years

None

Special responsibilities

Chairman of the board

Interests in shares and options

801,000,000 ordinary shares in Volt Power Group Limited

Nil options in Volt Power Group Limited

Adam Boyd – Chief Executive Officer and Managing Director

Mr Boyd most recently served as Chief Executive Officer and Managing Director of Pacific Energy Limited (ASX: PEA) from June 2006 to March 2015. During his tenure at Pacific Energy Limited, Mr Boyd led the company to becoming the pre-eminent remote mine site contract power business in Australia, with a 250 MW generation footprint across Australia. During this period Pacific Energy's enterprise value increased from \$9 million to approximate \$250 million.

Prior to joining Pacific Energy Limited, Mr Boyd was a senior executive with Global Renewables Group when it was jointly owned by GRD Limited and Hastings Fund Management Limited. During that tenure Mr Boyd was principally involved in the successful commercialisation of the Global Renewables alternative waste treatment and renewable energy process technology in Australia and the United Kingdom.

Mr Boyd is an infrastructure and energy specialist with considerable experience in areas of resource sector power generation, energy and waste infrastructure project development, business development and business acquisitions, technology commercialisation, public company management and equity and credit finance.

Other current and former directorships in last 3 years

None.

Special responsibilities

None

Interests in shares and options

1,440,000,000 ordinary shares in Volt Power Group Limited

350,000,000 options in Volt Power Group Limited

Peter Torre - Non-Executive Director and Company Secretary

Mr Peter Torre is a chartered accountant, a chartered secretary and a member of the Australian Institute of Company Directors.

Mr Torre is the principle of Torre Corporate, an advisory firm which provides corporate secretarial services to a range of ASX listed companies. He was previously a partner of an internationally affiliated firm of chartered accountants working within its corporate services division.

Mr Torre is also the Company Secretary of the Company.

Other current and former directorships in last 3 years

Currently a director of Mineral Commodities Ltd, Zenith Energy Ltd and VEEM Ltd.

Special responsibilities

None

Interests in shares and options

55,000,000 ordinary shares in Volt Power Group Limited

Nil options in Volt Power Group Limited

3. Directors' meetings

The size of the Board assists in facilitating the frequent informal meetings of the directors to control, implement and monitor the Company's activities throughout the year. Further, the Company's CEO is in frequent discussions with the directors relevant to the key business decision of the Company's operations. Matters of Board business have been resolved by a number of circular resolutions which are a record of decisions made at such informal meetings held throughout the year. As such, whilst all directors were available for meetings held throughout the year, the decisions were recorded and signed off by the directors in the aforementioned circular resolutions.

4. Principal activities

The principal activities of the Group during the financial year were:

ATEN (100% owned)

- Enhancement of the ATEN 'Waste Heat to Power' technology flowsheet design specifically for open cycle turbine generation asset retro-fit to maximise baseload, zero emission electricity generation performance and reduce capital installation and operating costs.
- Extensive business development activities aimed at securing commercial arrangements to install the Company's first ATEN 'Waste Heat to Power' facility in Australia.
- Completion of comprehensive study activities to complete an ATEN Vs Solar / Lithium battery hybrid installation cost and performance comparison to confirm the significant affordability and technical performance benefits of the ATEN waste heat to power technology.

EcoQuip (54% owned)

- The continued design development of a new innovative EcoQuip Mobile Solar Light & Communications Tower solution incorporating robust design features including high quality solar / lithium battery power management system, autonomous telemetry, control system and GPS capability (MSLT Gen4).
- Deployment of the existing EcoQuip Mobile Solar Light Tower (MSLT) fleet to achieve maximum possible hire utilisation for the period.
- Completion of 16 new MSLT Gen4 units manufactured in the USA. 14 MSLT Gen4 units were shipped to Australia for arrival in April 2019 and commissioned in May / June 2019.
- Demonstration deployment of the EcoQuip MSLT & MSCT Gen4 to major potential users in the resources and construction sectors.
- Negotiation of commercial terms for the long-term deployment of EcoQuip MSLT & MSCT equipment in the Australian market.
- Execution of an exclusive national cross-hire alliance with RSEA Safety to deploy up to 50 EcoQuip MSLT units across national road construction and traffic markets.

Wescone (100% owned)

- The operation of the Wescone business – the owner of the Wescone W300 sample crusher predominantly deployed throughout the global iron ore and assay laboratory industry.
- Completion of design, development and manufacture of the new Wescone W300 Series 4 sample crusher prototype.
- Secure a BHP trial of the new Wescone W300 Series 4 crusher in two separate locations at the BHP WA Pilbara iron ore operations.
- Monitor and evaluate BHP W300 Series 4 trial crusher performance and complete comprehensive trial review reports detailing W300 Series 4 post trial condition and performance.
- Clarification of historical circumstances relating to a decision by BHP (Wescone's largest historical customer by revenue and crusher sales) in September 2018 to:
 - cease using Wescone for the service and repair of BHP's fleet of Wescone sample crushers; and
 - initiate selection of an alternative crushing solution to displace the Wescone W300 crusher.
- Pursue completion of all matters required to prosecute the Company's WA Supreme Court Claim against the Wescone vendor and a related party for misleading and deceptive conduct seeking an order that the agreement providing for the sale and purchase of Wescone is void by reason of misleading and deceptive conduct and further or alternatively, damages for contravention of the Competition and Consumer Act 2010 (Cth) and breach of contract as well as interest and costs.

5. Dividends

There were no dividends paid or declared by the Company to members since the end of the previous financial year.

6. Operational and financial review

Information on the operations and financial position of the group and its business strategies and prospects is set out in the corporate and operational review on pages 4 – 7 of this annual report.

7. Use of cash and assets readily convertible to cash

The Group has used its cash and assets readily convertible to cash during the period in a way that was consistent with its business objectives.

8. Significant changes in the state of affairs

There are no significant changes in the state of affairs of the Group during the financial year.

9. Events since the end of the financial year

There are no events that occurred subsequent to the reporting period ending, that would have a material impact on the financial statements as at 31 December 2019.

10. Likely developments and expected results of operations

The following events are likely to occur over the coming year:

- Progress towards the installation of the first ATEN waste heat to power technology at a mine site power station.
- Expansion of the EcoQuip MSLT Gen4 fleet in both light and communications tower variants and deployment of an expanded fleet in resource sector and national construction markets.
- Subject to reaching agreement with BHP, the commercialisation of the new Wescone W300 Series 4 sample crusher at BHP's Pilbara iron ore operations and other resource sector parties. Improve Wescone W300 sales and repairs activities and revenues through expanding global distributor arrangements to mitigate the loss and damage caused by the non-disclosure of the BHP W300/3 Trial, and to guard against the risk that at trial the Supreme Court does not make an order that the agreement providing for the sale and purchase of Wescone is void by reason of misleading and deceptive conduct.

11. Environmental regulation

The Group is subject to environmental regulation in respect of any continuing operations. There have been no significant known breaches of any environmental regulations to which the Group is subject.

12. Remuneration report (audited)

This Remuneration Report sets out information about the remuneration of the key management personnel (KMP) of the Company and its controlled entities for the year ended 31 December 2019. This Report forms part of the Directors' Report and has been audited in accordance with section 300A of the Corporations Act 2001.

The Report details the remuneration arrangements for the Group's key management personnel:

- Non-executive directors (NED's); and
- Executive directors and senior executives (collectively the Executives).

KMP are those persons who, directly or indirectly, have authority and responsibility for planning, directing and controlling the major activities of the Company and the Group.

The report is structured as follows:

- (a) Key Management Personnel (KMP) covered in this report
- (b) Remuneration policy, link to performance and elements of remuneration
- (c) Link between remuneration and performance
- (d) Contractual arrangements for executive KMP
- (e) Remuneration expenses for executive KMP
- (f) Non-executive director arrangements
- (g) Share-based compensation
- (h) Other statutory information

(a) Key Management Personnel (KMP) covered in this report

The table below outlines the KMP of the Group covered in this report.:

Name	Position	Term as KMP
Non-executive directors		
Mr Simon Higgins	Non-Executive Chairman	Appointed 28 April 2017
Mr Peter Torre	Non-Executive Director	Appointed 28 April 2017
Executives		
Mr Adam Boyd	CEO and Managing Director	Appointed 28 April 2017

Changes since the end of the reporting period

There have been no changes to the non-executive directors and other key management personnel covered in this report since the end of the reporting period.

(b) Remuneration policy, link to performance and elements of remuneration

The Company's remuneration committee is comprised of the Chairman and a non-executive director. The committee reviews and determines our remuneration policy and structure annually to ensure it remains aligned to business needs and meets the remuneration principles. In particular, the board aims to ensure that remuneration practices are:

- (i) competitive and reasonable, enabling the company to attract and retain key talent,
- (ii) aligned to the company's strategic and business objectives and the creation of shareholder value,
- (iii) transparent and easily understood, and
- (iv) acceptable to shareholders.

During the reporting period, no payments were made to a person before the person took office as part of the consideration for the person agreeing to hold office.

Non-executive directors

On appointment to the Board, all non-executive directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the board policies and terms, including compensation, relevant to the office of director.

Presently no element of non-executive director remuneration is 'at risk', that is, fees are not based on the performance of the Company or equity based.

Executive management

Executive management have authority and responsibility for planning, directing and controlling the activities of the company. Compensation levels for executive management of the Company are set competitively to attract and retain appropriately qualified and experienced senior executives.

The compensation structures for executives are designed to attract suitably qualified candidates, reward the achievement of strategic objectives and achieve the broader outcome of the creation of value for shareholders. The compensation structure takes into account the executives' capability and experience, level of responsibility and ability to contribute to the Company's performance, including the establishment of revenue streams and growth in shareholder returns.

Fixed compensation consists of a base salary or fee (calculated on a total cost basis, including any fringe benefits tax related to employee benefits) as well as employer contributions to superannuation funds. The board through a process that considers individual and company achievement reviews compensation levels annually.

(c) Link between remuneration and performance

The Group has in place an Incentive Option Scheme (long-term incentive (LTI) scheme), the purpose of which is to:

- (i) encourage participation by Eligible Participants in the Company through Share ownership; and
- (ii) attract, motivate and retain Eligible Participants.

At present the Group does not have any short-term incentive (STI) scheme, but the remuneration committee will consider this in due course.

Options were issued to the Managing Director as part of his package, which represent performance linked remuneration.

Key performance indicators of the group over the last five years:

	Y/E 2019	Y/E 2018	Y/E 2017	Y/E ¹ 2016	Y/E 2015
NPAT \$m	(1.889)	(4.773)	2.626	(2.548)	(0.578)
Share price \$	0.001	0.002	0.004	0.005	0.038
Dividend paid	-	-	-	-	-
EPS \$	(0.023)	(0.056)	0.068	(0.444)	(0.001)

¹ Shares in the Company were suspended from trading on the ASX prior to market open on 18 October 2016. The closing price on 17 October 2016 was \$0.005 per share.

(d) Contractual arrangements for executive KMP

Managing Director

In 2017, the Group appointed Mr Adam Boyd as Managing Director and Chief Executive Officer. Mr Boyd is contracted to the Company through his private company, and the contract does not have a fixed timeframe.

The termination provisions in the contract are as follows:

	Resignation	Termination for cause	Termination by redundancy or notice without cause
MD notice period (by Company or executive)	1 month	None	3 months ¹

¹ The notice period is increased by one month for each completed year of service.

The terms of his remuneration package are as follows:

1. The Company shall pay a fee of \$360,000 per annum.
2. The Company shall issue to Mr Boyd (or his nominee):
 - a. 175,000,000 Options² exercisable at 0.15 cents each and expiring 36 months after the date of issue (Tranche 1); and
 - b. 175,000,000 Options² exercisable at 0.20 cents each and expiring 48 months after the date of issue (Tranche 2).

3. In consideration for Mr Boyd agreeing to join the board of the Company, the Company will provide Mr Boyd or his nominee with the opportunity to subscribe for up to 800,000,000 Shares at \$0.001 per Share pursuant to the Capital Raising.

² The options have a vesting period of 12 months for Tranche 1 and 24 months for Tranche 2.

Options issued to Mr Boyd will vest subject to him being continuously employed by the Group for a period of 12 months, in the case of Tranche 1 options, and for a period of 24 months in the case of Tranche 2 options.

(e) Remuneration expenses for executive KMP

The following table shows the details of the remuneration expense recognised for the group's executive key management personnel for the current and previous financial year measured in accordance with the accounting standards.

Name	Year	Salary & fees	Post employment benefits	Non-mone-tary benefits	Termin-ation benefits	Rights to deferred shares	Options	Total	Perform-ance related
Adam Boyd	2019	360,000	-	-	-	-	25,201	385,201	7%
	2018	360,000	-	-	-	-	87,685	447,685	20%
Total executive KMP	2019	360,000	-	-	-	-	25,201	385,201	7%
	2018	360,000	-	-	-	-	87,685	447,685	20%

(f) Non-executive director arrangements

Non-executive directors are paid base fees only, which are fixed by the Board.

There is no additional fee for serving on board committees. They do not receive performance-based pay or retirement allowances. Fees are reviewed annually by the board with the level of Directors' remuneration being set having regard to independent survey data and publicly available information about fees paid to non-executive directors in a range of comparable companies.

The Directors are entitled to be reimbursed for all travel and related expenses properly incurred in connection with the business of the Company. The Company makes contributions at the statutory minimum rate to superannuation funds nominated by directors, included in the base fee.

The total amount of remuneration, including superannuation, for all non-executive directors must not exceed the limit approved by shareholders. The aggregate cash remuneration of all non-executive directors was set at \$400,000 per annum at a general meeting held on 1 December 2009. During the period Mr Simon Higgins and Mr Peter Torre held the position of Non-Executive Directors. The terms of their appointment are as follows:

- Mr Higgins – For his services as a Non-Executive Director and Chairman of the Company, the Company will pay him an all-inclusive annual fee as is determined by the Board and approved by shareholders from time to time during his appointment. The monthly fee payable is payable in arrears and will be initially set at \$4,166.67 excluding GST. This equates to an annual fee of \$50,000 excluding GST, commencing 1 May 2017.
- Mr Torre – For his services as a Non-Executive Director and Chairman of the Company, the Company will pay him an all-inclusive annual fee as is determined by the Board and approved by shareholders from time to time during his appointment. The monthly fee payable is payable in arrears and will be initially set at \$3,330 plus GST. This equates to an annual fee of \$39,960 plus GST, commencing 1 May 2017.

Details of the nature and amount of each major element of remuneration are set out below:

	Year	Short-term benefits	Post employment	Total
Simon Higgins	2019	50,000	-	50,000
	2018	50,000	-	50,000
Peter Torre	2019	39,960	-	39,960
	2018	39,960	-	39,960
Total non-executive directors	2019	89,960	-	89,960
	2018	89,960	-	89,960

(g) Share-based compensation

On 24 May 2017, 350,000,000 options were granted to the Managing Director as part of his remuneration package. Further details are provided under contractual arrangements for executive KMP above.

The board does not have a policy that restricts the holders of securities issued as share based payments as part of their remuneration from entering into other arrangements that limit their exposure to losses that would result from share price decreases.

Other than noted above no terms of equity-settled share-based payment transactions (including options granted as compensation to a key management person or director) have been altered or modified by the Company during the reporting period. No options have been exercised as a result of previously issued remunerations options.

(h) Other statutory information

The following tables show the relative proportions of remuneration that are linked to performance and those that are fixed based on the amounts disclosed as statutory remuneration expense in (e) and (f) above.

(i) Proportions of remuneration linked to performance

		Fixed	At risk STI	At risk LTI
Non-executive directors				
Simon Higgins	2019	100%	-	-
	2018	100%	-	-
Peter Torre	2019	100%	-	-
	2018	100%	-	-
Executive KMP				
Adam Boyd	2019	93%	-	7%
	2018	80%	-	20%

(ii) Reconciliation of ordinary shares and options held by KMP

Shareholdings

The number of shares in the Company held during the financial year by each director and other key management personnel of the Group, including their personally related parties, are set out below.

Name	Balance at start of the year	Granted as compensation	Acquired for cash	Other changes	Balance at the end of the year
Non-executive directors					
Simon Higgins	773,000,000	-	28,000,000	-	801,000,000
Peter Torre	25,000,000	-	30,000,000	-	55,000,000
Executive KMP					
Adam Boyd	910,000,000	-	530,000,000	-	1,440,000,000

Options

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

Name	Balance at start of year		Granted as compensation		Vested		Forfeited		Balance at end of year	
	Vested and exercisable	Unvested	Unvested	%	Number	%	Number	%	Vested and exercisable	Unvested
S Higgins	-	-	-	0%	-	0%	-	0%	-	-
P Torre	-	-	-	0%	-	0%	-	0%	-	-
A Boyd	350,000,000	-	-	100%	350,000,000	100%	-	0%	350,000,000	-

(iii) Loans to key management personnel

During the year, there were no loans made to directors of the Company or any other key management personnel of the Group, including any related parties.

(iv) Other transactions with key management personnel

ECM Pty Ltd (ECM) is a related party of Mr Simon Higgins and during the year ECM entered into the following transactions with the Company:

- ECM provided office rent, accounting, tax and IT support at a rate of \$15,000 per month (excl. GST).
- The Group's subsidiary EcoEquip Australia Pty Ltd entered into a contract with ECM, for the provision of office space at a rental of \$3,583 per month (excl. GST).
- On a Consolidated level, payments to ECM totalled \$90,679 for the year ended 31 December 2019.
- Both of the above arrangements with ECM ceased in August 2019.

(v) Reliance on external remuneration consultants

The Board have not sought any recommendations from external remuneration consultants. Remuneration levels for Directors and KMP are reviewed annually by the Board with the level of Non-Executive Directors' remuneration being set having regard to independent survey data and publicly available information about fees paid to non-executive directors in a range of comparable companies.

(vi) Voting of shareholders at last year's annual general meeting

Volt Power Group Limited received more than 97% of "yes" votes on its remuneration report for the 2018 financial year. The company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

(vii) Remuneration received

The amounts disclosed in the table below as Executive KMP remuneration for the 2019 year reflect the actual benefits received by each KMP during the reporting period. The remuneration values disclosed below have been determined as follows:

Fixed remuneration

Fixed remuneration includes base salaries received, payments made to superannuation funds, the taxable value of non-monetary benefits received and any once-off payments such as sign-on bonuses or termination benefits.

Fixed remuneration excludes any accruals of annual or long service leave.

Short-term incentives

Cash STI benefits represent bonuses awarded and paid during the year. No cash STI's were awarded during the year.

Long-term incentives

Vested LTI benefits represent the intrinsic value of the options at the date of vesting, being the difference between the share price on that date and the exercise price payable by the KMP. No options vested during the year.

The information in this section has been audited, together with the rest of the Remuneration Report.

This is the end of the Remuneration Report

13. Shares under option

(a) Unissued ordinary shares

Unissued ordinary shares of Volt Power Group Limited under option at the date of this report are as follows:

Date options granted	Expiry date	Issue price of options	Number under option
24 May 2017	23 May 2020	0.0015	175,000,000
24 May 2017	23 May 2021	0.0020	175,000,000
9 November 2017	8 November 2020	0.0040	20,000,000
9 November 2017	8 November 2021	0.0045	20,000,000

No option holder has any right under the options to participate in any other share issue of the Company or any other entity.

Included in these options were options granted as remuneration to the directors and the five most highly remunerated officers during the year. Details of options granted to key management personnel are disclosed in the remuneration report above. In addition, the following options were granted to officers who are among the five highest remunerated officers of the Company and the Group, but are not key management persons and hence not disclosed in the remuneration report:

Name of Officer	Date granted	Issue price of options	Number of options granted
Tim Banner – Lead Process Engineer	9 November 2017	0.0040	20,000,000
Tim Banner – Lead Process Engineer	9 November 2017	0.0045	20,000,000

No options were granted to the directors or any of the five highest remunerated officers of the Company since the end of the financial year.

(b) Shares issued on the exercise of options

No shares were issued during the year ended 31 December 2019 on the exercise of options.

14. Insurance of officers

During the financial year, the Company paid a premium to insure the directors and secretaries of the Company and its Australian-based controlled entities. The Group has not disclosed the premium paid for the insurance policy as there is a confidentiality condition contained in the contract.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

15. 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.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the Corporations Act 2001.

16. Non-audit services

The Company may decide to employ the auditor (BDO) on assignments additional to their statutory audit duties where the auditor's experience and expertise with the Company and/or the Group are important.

During the year ended 31 December 2019 and 2018, the Company did not pay the auditor for any non-audit services.

The Board of Directors is satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

17. 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 on page 18.

This report is made in accordance with a resolution of directors.



Simon Higgins
Chairman
Perth
Dated: 28 February 2020

DECLARATION OF INDEPENDENCE BY JARRAD PRUE TO THE DIRECTORS OF VOLT POWER GROUP LIMITED

As lead auditor of Volt Power Group Limited for the year ended 31 December 2019, I declare that, to the best of my knowledge and belief, there have been:

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

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



Jarrad Prue

Director

BDO Audit (WA) Pty Ltd

Perth, 28 February 2020

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2019

	Note	2019 \$	2018 \$
Revenue from trading activities	7	1,144,204	1,687,252
Cost of sales		<u>(276,625)</u>	<u>(670,526)</u>
Gross profit		867,579	1,016,726
Other income	8	606,711	27,375
Consultants and advisors	9	(437,640)	(399,403)
Employment benefits expense	10	(1,068,376)	(1,316,632)
General and administration expenses	11	(435,489)	(542,192)
Impairment of Goodwill	19	<u>(1,348,219)</u>	<u>(3,525,706)</u>
Operating loss		(1,815,434)	(4,739,832)
Finance income	12	1,366	9,550
Finance expenses	12	<u>(25,074)</u>	<u>(49,089)</u>
Finance costs - net		(23,708)	(39,539)
Loss before income tax (expense)/benefit		(1,839,142)	(4,779,371)
Income tax (expense)/benefit	13	<u>(49,794)</u>	<u>5,479</u>
Loss from continuing operations		(1,888,936)	(4,773,892)
Other comprehensive income/(loss) for the year, net of tax		-	-
Total comprehensive loss for the year		(1,888,936)	(4,773,892)
Loss for the year is attributable to:			
Minority interests		(14,054)	(263,107)
Owners of Volt Power Group Limited		<u>(1,874,882)</u>	<u>(4,510,785)</u>
		(1,888,936)	(4,773,892)
Total comprehensive loss for the year is attributable to:			
Minority interests		(14,054)	(263,107)
Owners of Volt Power Group Limited		<u>(1,874,882)</u>	<u>(4,510,785)</u>
		(1,888,936)	(4,773,892)
		cents	cents
<i>Loss per share:</i>			
Basic loss for the period attributable to ordinary equity holders of the parent	25(a)	(0.0225)	(0.0555)
<i>Loss per share from continuing operations:</i>			
Basic loss from continuing operations attributable to ordinary equity holders of the parent	25(a)	(0.0225)	(0.0555)

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

Consolidated Statement of Financial Position

As at 31 December 2019

	Note	2019 \$	2018 \$
Assets			
Current assets			
Cash and cash equivalents	14	1,287,705	1,233,662
Trade and other receivables	15	140,321	256,763
Inventory	16	367,254	346,140
Other current assets	17	78,487	78,815
Total current assets		1,873,767	1,915,380
Non-current assets			
Property, plant and equipment	18	1,060,346	899,195
Intangible assets	19	269,470	1,348,219
Deferred tax asset	13	-	5,479
Total non-current assets		1,329,816	2,252,893
Total assets		3,203,583	4,168,273
Liabilities			
Current Liabilities			
Trade and other payables	20	512,515	299,486
Employee benefits liability	21	57,416	41,522
Interest bearing loans	22	100,130	113,137
Total current liabilities		670,061	454,145
Non-current liabilities			
Interest bearing loans	23	114,945	218,787
Total non-current liabilities		114,945	218,787
Total liabilities		785,006	672,932
Net assets		2,418,577	3,495,341
Shareholders' Equity			
Share capital	24(a)	73,519,592	72,792,329
Reserves	24(c)	6,060,365	6,060,456
Retained losses		(77,607,348)	(75,732,466)
Total attributable to owners of parent		1,972,609	3,120,319
Non-controlling interest		445,968	375,022
Total Shareholders' Equity		2,418,577	3,495,341

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

Consolidated Statement of Changes in Equity

As at 31 December 2019

	Attributable to owners of Volt Power Group Limited					
Note	Share capital \$	Reserves \$	Retained losses \$	Total attributable to owners \$	Non-controlling interest \$	Total equity \$
At 1 January 2018	67,964,945	5,946,446	(71,221,681)	2,689,710	518,129	3,207,839
<i>Total comprehensive loss for the year</i>						
Loss for the half-year	-	-	(4,510,785)	(4,510,785)	(263,107)	(4,773,892)
	-	-	(4,510,785)	(4,510,785)	(263,107)	(4,773,892)
<i>Transactions with owners in their capacity as owners</i>						
Issue of shares, net of share issue costs	4,827,384	-	-	4,827,384	120,000	4,947,384
Share based payments	-	114,010	-	114,010	-	114,010
	4,827,384	114,010	-	4,941,394	120,000	5,061,394
At 31 December 2018	72,792,329	6,060,456	(75,732,466)	3,120,319	375,022	3,495,341
At 1 January 2019	72,792,329	6,060,456	(75,732,466)	3,120,319	375,022	3,495,341
<i>Total comprehensive loss for the year</i>						
Loss for the year	-	-	(1,874,882)	(1,874,882)	(14,054)	(1,888,936)
	-	-	(1,874,882)	(1,874,882)	(14,054)	(1,888,936)
<i>Transactions with owners in their capacity as owners</i>						
Transactions with non-controlling interests	-	(45,000)	-	(45,000)	85,000	40,000
Issue of shares, net of share issue costs	727,263	-	-	727,263	-	727,263
Share based payments	-	44,909	-	44,909	-	44,909
	727,263	(91)	-	727,172	85,000	812,172
At 31 December 2019	73,519,592	6,060,365	(77,607,348)	1,972,609	445,968	2,418,577

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

Consolidated Statement of Cash Flows

For the year ended 31 December 2019

	Note	2019 \$	2018 \$
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		1,353,122	1,700,870
Payments to suppliers and employees (inclusive of goods and services tax)		(1,923,553)	(3,374,812)
Interest received		1,366	9,550
Interest paid		(25,074)	(49,089)
R&D tax refund		606,711	361,959
Income tax payment		(44,315)	(32,844)
Net cash outflows from operating activities	14(a)	<u>(31,743)</u>	<u>(1,384,366)</u>
Cash flows from investing activities			
Payments for property, plant and equipment		(328,126)	(193,553)
Payments for Intellectual Property		(236,502)	-
Payment for acquisition of subsidiary, net of cash acquired	26(a)	-	(4,527,371)
Net cash outflows from investing activities		<u>(564,628)</u>	<u>(4,720,924)</u>
Cash flows from financing activities			
Proceeds from issue of shares and other equity securities		750,000	4,730,000
Transaction costs on issue of shares		(22,737)	(172,616)
Repayment of borrowings		(116,849)	(207,082)
Transactions with non-controlling interests		40,000	-
Net cash inflows from financing activities		<u>650,414</u>	<u>4,350,302</u>
Net increase / (decrease) in cash and cash equivalents		54,043	(1,754,988)
Cash and cash equivalents at the beginning of the year		1,233,662	2,988,650
Cash and cash equivalents at end of the year	14	<u>1,287,705</u>	<u>1,233,662</u>

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

Notes to the Consolidated Financial Statements

As at 31 December 2019

1. Reporting entity

The consolidated financial report of Volt Power Group Limited (the Group) and its subsidiaries for the year ended 31 December 2019 was authorised for issue in accordance with a resolution of directors on 28 February 2020.

Volt Power Group Limited is a for profit company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange. The Group's registered office is Unit B9, 431 Roberts Rd Subiaco WA 6008.

The nature of the operations and principal activities of the Group are power generation technology solutions, mobile solar powerbox towers compatible with LED lighting, LTE/WiFi repeater communication solutions and CCTV retro-fit and sample crushing equipment, all of which service the resources and construction sectors.

2. Basis of preparation

(a) General information

The financial report is a general-purpose financial report, which:

- has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board ("AASB") and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board as applicable to a for-profit entity;
- has been prepared on a historical cost basis;
- is presented in Australian dollars, which is the functional currency of the Company and each of its subsidiaries;
- adopts all new and amended Accounting Standards and Interpretations issued by the AASB that are relevant to the operations of the Group and effective for reporting periods beginning on or before 1 January 2019; and
- does not early adopt any Accounting Standards and Interpretations that have been issued or amended but are not yet effective.

In the current year the Company has adopted the following standard issued by the Australian Accounting Standards Board (AASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2019.

AASB 16 Leases (AASB 16)

AASB 16 has replaced AASB 117 Leases and IFRIC 4 Determining whether an Arrangement Contains a Lease. AASB 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, together with options to exclude leases where the lease term is 12 months or less, or where the underlying asset is of low value. AASB 16 substantially carries forward the lessor accounting in AASB 117, with the distinction between operating leases and finance leases being retained. The Group does not have significant leasing activities acting as a lessor.

Transition Method and Practical Expedients Utilised

The Group adopted AASB 16 using the modified retrospective approach, with recognition of transitional adjustments on the date of initial application (1 January 2019), without restatement of comparative figures. The Group elected to apply the practical expedient to not reassess whether a contract is, or contains a lease at the date of initial application. Contracts entered into before the transition date that were not identified as leases under AASB 117 and IFRIC 4 were not reassessed. The definition of a lease under AASB 16 was applied only to contracts entered into or changed on or after 1 January 2019.

AASB 16 provides for certain optional practical expedients, including those related to the initial adoption of the standard. The Group applied the following practical expedients when applying AASB 16 to leases previously classified as operating leases under AASB 117:

- (a) Apply a single discount rate to a portfolio of leases with reasonably similar characteristics;
- (b) Exclude initial direct costs from the measurement of right-of-use assets at the date of initial application for leases where the right-of-use asset was determined as if AASB 16 had been applied since the commencement date;
- (c) Reliance on previous assessments on whether leases are onerous as opposed to preparing an impairment review under IAS 36 as at the date of initial application; and
- (d) Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term remaining as of the date of initial application.

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under AASB 16, the Group recognizes right-of-use assets and lease liabilities for most leases. However, the Group has elected not to recognise right-of-use assets and lease liabilities for some leases of low value assets based on the value of the underlying asset when new or for short-term leases with a lease term of 12 months or less.

On adoption of AASB 16, the Group recognised no right-of-use assets and lease liabilities as all items met the practical expedients as outlined above.

The adoption of new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) has no material effect on the accounts reported in the current and prior periods.

(b) Going concern

For the year ended 31 December 2019 the Group recorded a loss of \$1,874,882 and experienced net cash outflows from operating activities of \$31,743.

The ability of the Group to continue as a going concern is dependent on several factors, including securing additional funding to continue to fund its operational and marketing activities.

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

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

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

3. Significant accounting policies

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2019. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Generally, there is a presumption that a majority of voting rights results in control.

Consolidation of the subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control over the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a debit balance.

(b) Business combinations

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination shall be measured at fair value, which shall be calculated as the sum of the acquisition date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree and the equity issued by the acquirer. Acquisition-related costs are expensed as incurred.

(c) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is the Group's functional and presentational currency.

(ii) *Transactions and balances*

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rate ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cashflow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other income or other expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as available-for-sale financial assets are recognised in other comprehensive income.

(d) Financial instruments

(i) *Financial assets*

The Group classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. Other than financial assets in a qualifying hedging relationship, the Group's accounting policy for each category is as follows:

Fair value through profit or loss

This category comprises in-the-money derivatives and out-of-the-money derivatives where the time value offsets the negative intrinsic value (see "Financial liabilities" section for out-of-the-money derivatives classified as liabilities). They are carried in the statement of financial position at fair value with changes in fair value recognised in the consolidated statement of comprehensive income in the finance income or expense line. Other than derivative financial instruments which are not designated as hedging instruments, the Group does not have any assets held for trading nor does it voluntarily classify any financial assets as being at fair value through profit or loss.

Amortised cost

These assets arise principally from the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions for current and non-current trade receivables are recognised based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within cost of sales in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for receivables from related parties and loans to related parties are recognised based on a forward-looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

From time to time, the Group elects to renegotiate the terms of trade receivables due from customers with which it has previously had a good trading history. Such renegotiations will lead to changes in the timing of payments rather than changes to the amounts owed and, in consequence, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in the consolidated statement of comprehensive income (operating profit).

The Group's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the consolidated statement of financial position.

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and, for the purpose of the statement of cash flows, bank overdrafts. Bank overdrafts are shown within loans and borrowings in current liabilities on the consolidated statement of financial position.

(ii) Financial liabilities

The Group classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired.

Other than financial liabilities in a qualifying hedging relationship (see below), the Group's accounting policy for each category is as follows:

Fair value through profit or loss

This category comprises out-of-the-money derivatives where the time value does not offset the negative intrinsic value (see "Financial assets" for in-the-money derivatives and out-of-the-money derivatives where the time value offsets the negative intrinsic value). They are carried in the consolidated statement of financial position at fair value with changes in fair value recognised in the consolidated statement of comprehensive income. The Group does not hold or issue derivative instruments for speculative purposes, but for hedging purposes. Other than these derivative financial instruments, the Group does not have any liabilities held for trading nor has it designated any financial liabilities as being at fair value through profit or loss.

Other financial liabilities

Other financial liabilities include the following items:

Bank borrowings, where applicable, are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest-bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the consolidated statement of financial position. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

(iii) Hedge accounting

The Group has not applied hedge accounting.

(e) Revenue recognition

Performance obligations and timing of revenue recognition

The majority of the Group's revenue is derived from leasing equipment and selling goods with revenue recognised at a point in time when control of the goods has transferred to the customer. This is generally when the goods are delivered to the customer. However, for export sales, control might also be transferred when delivered either to the port of departure or port of arrival, depending on the specific terms of the contract with a customer. There is limited judgement needed in identifying the point control passes: once physical delivery of the products to the agreed location has occurred, the group no longer has physical possession, usually will have a present right to payment (as a single payment on delivery) and retains none of the significant risks and rewards of the goods in question.

Determining the transaction price

Most of the Group's revenue is derived from fixed price contracts and therefore the amount of revenue to be earned from each contract is determined by reference to those fixed prices.

Allocating amounts to performance obligations

For most contracts, there is a fixed unit price for each product sold, with reductions given for bulk orders placed at a specific time. Therefore, there is no judgement involved in allocating the contract price to each unit ordered in such contracts (it is the total contract price divided by the number of units ordered).

Where a customer orders more than one product line, the Group is able to determine the split of the total contract price between each product line by reference to each product's standalone selling prices (all product lines are capable of being, and are, sold separately).

(f) Income tax

Volt Power Group Limited and its 100% owned Australian resident subsidiaries formed a tax consolidated group with effect from 19 January 2010.

Income tax expense comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and associates and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income tax expenses that arise from the distribution of cash dividends are recognised at the same time that the liability to pay the related dividend is recognised. The Group does not distribute non-cash assets as dividends to its shareholders.

(g) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(h) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation the amount of which can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(i) Leases

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less.

AASB 16 was adopted 1 January 2019 without restatement of comparative figures. For an explanation of the transitional requirements that were applied as at 1 January 2019, see Note 2. The following policies apply subsequent to the date of initial application, 1 January 2019.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the group's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate.

In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- Amounts expected to be payable under any residual value guarantee;
- The exercise price of any purchase option granted in favour of the group if it is reasonable certain to assess that option;
- Any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- Lease payments made at or before commencement of the lease;
- Initial direct costs incurred; and
- The amount of any provision recognised where the group is contractually required to dismantle, remove or restore the leased asset (typically leasehold dilapidations).

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

When the Group revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted using a revised discount rate. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised, except the discount rate remains unchanged. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term. If the carrying amount of the right-of-use asset is adjusted to zero, any further reduction is recognised in profit or loss.

(j) Goodwill

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes.

(k) Impairment

(i) Financial assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

The Group considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified.

In assessing the collective impairment, the Group uses the expected credit loss (ECL) model to recognise an allowance in accordance with AASB 9. For trade receivables, the Group uses the simplified approach of the ECL model to determine the allowance.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

The Group's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(l) Share based payments

The fair value of options issued as share-based payment are measured using an appropriate pricing model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds).

The fair value of shares issued as share-based payment is measured based on the share price on the date of issue.

4. Other accounting policies

Significant and other accounting policies that summarise the measurement basis used and are relevant to an understanding of the financial statements are provided throughout the notes to the financial statements.

5. Key judgements and estimates

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods. Management have identified the following critical accounting policies for which significant judgements, estimates and assumptions are made:

(i) Taxation

Judgement is required in assessing whether deferred tax assets and certain deferred tax liabilities are recognised in the consolidated statement of financial position. Deferred tax assets, including those arising from unrecouped tax losses, capital losses and temporary differences, are recognised only where it is considered more likely than not that they will be recovered, which is dependent on the generation of sufficient future taxable profits.

Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. Judgements are also required about the application of income tax legislation. These judgements and assumptions are subject to risk and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognised in the statement of financial position and the amount of other tax losses and temporary differences not yet recognised.

In such circumstances, some or all of the carrying amounts of recognised deferred tax assets and liabilities may require adjustments, resulting in a corresponding credit or charge to the income statement.

(ii) Consolidation of EcoQuip

Judgement is required in assessing whether an investment is to be treated as a subsidiary or an associate. The Company holds 54% (31 December 2018: 50%) of the ordinary shares and voting rights in EcoQuip Australia Pty Ltd. One other investor holds the remaining 46%. Management has assessed its ownership of EcoQuip in accordance with AASB10 – Consolidated Financial Statements and considers that EcoQuip is a subsidiary as it has a casting vote at Board Meetings.

(iii) Impairment

Judgement is required in assessing whether goodwill has suffered any impairment on an annual basis. In assessing impairment, management estimates the recoverable amount of each asset or cash-generating unit based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate. Refer to note 19(b).

(iv) Internally generated intangible assets (Development costs)

Expenditure on internally developed products is capitalised if it can be demonstrated that:

- It is technically feasible to develop the product for it to be sold;
- Adequate resources are available to complete the development;
- There is an intention to complete and sell the product, the Group is able to sell the product-sale of the product will generate future economic benefits; and
- Expenditure on the project can be measured reliably.

Capitalised development costs are amortised over the periods the Group expects to benefit from selling the products developed. The amortisation expense is included within the cost of sales line in the consolidated statement of comprehensive income. Development expenditure not satisfying the above criteria and expenditure on the research phase of internal projects are recognised in the consolidated statement of comprehensive income as incurred.

6. Segment information

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

7. Revenue from trading activities

	2019 \$	2018 \$
Revenue from sales of inventory	772,910	1,328,040
Revenue from equipment leases	371,294	359,212
	<u>1,144,204</u>	<u>1,687,252</u>
Timing of revenue recognition		
At a point in time	772,910	1,328,040
Over time	371,294	359,212
	<u>1,144,204</u>	<u>1,687,252</u>

8. Other income

	2019 \$	2018 \$
Research and development tax incentive rebate	604,101	-
Profit/(loss) on sale of assets	-	5,206
Other income	2,610	22,169
	<u>606,711</u>	<u>27,375</u>

9. Consultants and advisors

	2019 \$	2018 \$
Audit, Tax, Accounting and finance	263,369	295,606
Legal expenses	174,271	58,504
Investor relations	-	44,718
Other	-	575
	<u>437,640</u>	<u>399,403</u>

10. Employee benefit expense

	2019 \$	2018 \$
Salary and wages	967,185	1,154,171
Superannuation	40,843	38,746
Share based payments	44,909	114,010
Other	15,439	9,705
	<u>1,068,376</u>	<u>1,316,632</u>

11. General and administration expenses

	2019 \$	2018 \$
Occupancy Costs	75,935	114,356
Insurance	54,492	52,009
IT Expenses	6,075	33,391
Travel & Accommodation	52,509	38,539
Depreciation & Amortisation	137,144	138,295
Foreign currency (gains)/losses	(208)	5,659
Other expense	109,542	159,943
	<u>435,489</u>	<u>542,192</u>

12. Finance costs - net

	2019 \$	2018 \$
Interest income	1,366	9,550
	<u>1,366</u>	<u>9,550</u>
Bank fees	3,850	3,115
Interest expense	21,224	45,974
	<u>25,074</u>	<u>49,089</u>
Finance expense	(23,708)	(39,539)

Recognition and measurement

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings and convertible notes, unwinding of the discount on provisions, and impairment losses recognised on financial assets. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis.

13. Income tax

(a) Income tax (expense)/benefit

	2019 \$	2018 \$
Current tax expense	(44,315)	-
Deferred tax (expense)/credit arising from temporary differences	(5,479)	5,479
Total income tax (expense)/benefit	<u>(49,794)</u>	<u>5,479</u>
Attributable to:		
Continuing operations	<u>(49,794)</u>	<u>5,479</u>
	<u>(49,794)</u>	<u>5,479</u>

(b) Numerical reconciliation of income tax expense to prima facie tax payable

	2019 \$	2018 \$
Loss from continuing operations before income tax expense	<u>(1,839,142)</u>	<u>(4,779,371)</u>
Tax at the Australian tax rate of 27.5%	505,764	1,314,327
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Non-deductible expenses	(271,814)	969,569
Previously recognised deferred tax assets not brought to account	(5,479)	-
Deferred tax (liabilities)/assets not brought to account	<u>(278,265)</u>	<u>2,289,375</u>
Income tax (expense)/benefit	<u>(49,794)</u>	<u>5,479</u>

The franking account balance at year-end was \$nil (2018: nil).

Net deferred tax assets have not been brought to account as it is not probable within the immediate future that tax profits will be available against which deductible temporary differences and tax losses can be utilised.

(c) Tax losses

	2019 \$	2018 \$
Unused tax losses for which no deferred tax asset has been recognised	<u>18,653,724</u>	<u>21,409,890</u>
Potential tax benefit @ 27.5%	<u>5,129,774</u>	<u>5,887,720</u>

All unused tax losses were incurred by Australian entities. Unrecognised deferred tax balances will only be available subject to continuing to meet the relevant statutory tests.

14. Cash and cash equivalents

	2019 \$	2018 \$
Cash at bank	<u>1,287,705</u>	<u>1,233,662</u>

(a) Reconciliation of loss after income tax to net cash outflow from operating activities

	2019	2018
	\$	\$
Loss for the year	(1,888,936)	(4,773,892)
Adjustments for		
Depreciation and amortisation	137,144	138,295
Impairment of goodwill	1,348,219	3,525,706
Net gain on sale of non-current assets	-	(5,206)
Finance expense	-	4,956
Share-based payment transactions	44,909	114,010
Changes in operating assets and liabilities, net of effects from purchase of controlled entity and reversal of amounts subject to the deeds of company arrangement		
(Increase)/decrease in trade and other receivables	120,910	777,026
(Increase)/decrease in Inventory	(21,114)	(54,334)
(Decrease)/Increase in trade and other payables	211,685	(1,072,537)
(Decrease)/Increase in employee benefit liability	15,440	(38,390)
Net cash outflow from operating activities	<u>(31,743)</u>	<u>(1,384,366)</u>

Recognition and measurement

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity 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, net of outstanding bank overdrafts.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

(b) Non-cash investing and financing activities

	2019	2018
	\$	\$
Acquisition of Wescone shares by issue of Volt shares (note 26)	<u>-</u>	<u>250,000</u>

(c) Reconciliation of cash and non-cash movements in financial liabilities

	Note	2019	2018
		\$	\$
Cash and cash equivalents		1,287,705	1,233,662
Borrowings repayable within one year	22	(100,130)	(113,137)
Borrowings repayable after one year	23	<u>(114,945)</u>	<u>(218,787)</u>
		<u>1,072,630</u>	<u>901,738</u>
Cash and liquid assets		1,287,705	1,233,662
Gross Debt - Fixed interest rate		<u>(215,075)</u>	<u>(331,924)</u>
		<u>1,072,630</u>	<u>901,738</u>

15. Trade and other receivables

	2019	2018
	\$	\$
Accounts receivable	127,923	233,589
Other debtors	<u>12,398</u>	<u>23,174</u>
	<u>140,321</u>	<u>256,763</u>

Impaired receivables and receivables past due

The Group applied ECL to calculate losses. These were found to be immaterial.

16. Inventory

	2019 \$	2018 \$
Completed goods and parts on hand	<u>367,254</u>	<u>346,140</u>

17. Other current assets

	2019 \$	2018 \$
Prepaid insurance	76,722	77,050
Other prepayments	1,765	1,765
	<u>78,487</u>	<u>78,815</u>

18. Property, plant and equipment

	Plant and equipment \$	Office furniture, fittings and equipment \$	Total \$
31 December 2018			
Opening net book amount	617,744	8,658	626,402
Additions	413,994	-	413,994
Disposals	-	(2,906)	(2,906)
Depreciation charge	(135,744)	(2,551)	(138,295)
31 December 2018	<u>895,994</u>	<u>3,201</u>	<u>899,195</u>
31 December 2018			
Cost or fair value	1,083,248	18,703	1,101,951
Accumulated depreciation	(187,254)	(15,502)	(202,756)
Net book amount	<u>895,994</u>	<u>3,201</u>	<u>899,195</u>
31 December 2019			
Opening net book amount	895,994	3,201	899,195
Additions	298,295	-	298,295
Depreciation charge	(135,541)	(1,603)	(137,144)
31 December 2019	<u>1,058,748</u>	<u>1,598</u>	<u>1,060,346</u>
31 December 2019			
Cost or fair value	1,986,109	18,703	2,004,812
Accumulated depreciation	(927,361)	(17,105)	(944,466)
Net book amount	<u>1,058,748</u>	<u>1,598</u>	<u>1,060,346</u>

Recognition and measurement

Property, plant and equipment

All classes of property, plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation. All other repairs and maintenance are recognised in the income statement as incurred.

Depreciation is calculated on a straight-line or diminishing value basis for all classes of property, plant and equipment. The estimated useful life of plant and equipment is between 3 and 20 years.

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

An item of property, plant and equipment is de-recognised upon disposal or when no further future economic benefits are expected from its use or disposal.

19. Intangible assets

	Goodwill \$	Intellectual property \$	Total \$
31 December 2018			
Opening balance	599,391	-	599,391
Acquired through business combination	4,274,534	-	4,274,534
Impairment charge	(3,525,706)	-	(3,525,706)
31 December 2018	<u>1,348,219</u>	<u>-</u>	<u>1,348,219</u>
31 December 2019			
Opening balance	1,348,219	-	1,348,219
Capitalised expenditure	-	269,470	269,470
Impairment charge	(1,348,219)	-	(1,348,219)
31 December 2019	<u>-</u>	<u>269,470</u>	<u>269,470</u>

(a) Goodwill

The Group has determined the cash generating units to be as follows:

- Wescone Distribution Pty Ltd
- Ecoquip Australia Pty Ltd

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

	Wescone \$	EcoQuip \$	Total \$
31 December 2018			
Opening balance	-	599,391	599,391
Acquired through business combination	4,274,534	-	4,274,534
Impairment charge	(3,525,706)	-	(3,525,706)
31 December 2018	<u>748,828</u>	<u>599,391</u>	<u>1,348,219</u>
31 December 2019			
Opening balance	748,828	599,391	1,348,219
Impairment charge	(748,828)	(599,391)	(1,348,219)
31 December 2019	<u>-</u>	<u>-</u>	<u>-</u>

(b) Impairment tests for goodwill

The Group tests whether goodwill has suffered any impairment on an annual basis. The recoverable amount of a CGU is determined based on the higher of its value-in-use or fair value less costs to sell which require the use of assumptions. In assessing the goodwill for impairment for the year ended 31 December 2019 the Group used a discounted cash flow model in accordance with the value-in-use (VIU) method, which reflect the present value of the future cash flows expenditure to be derived from the CGU. The significant inputs and key assumptions used by management within the discounted cash flow model for both CGUs are:

Ecoquip Australia Pty Ltd:

- The cash flows for the first 18 months of the model is based on the 2020 budget as prepared by management
- Short term growth rate of 1%
- CPI inflation of 2%
- Pre-tax discount rate of 20% to calculate net present value

Wescone Distribution Pty Ltd:

- The cash flows for the first 18 months of the model is based on the 2020 budget as prepared by management
- Pre-tax discount rate of 20% to calculate net present value

The Group has determined that there is an impairment to the carrying value of both the EcoQuip and Wescone goodwill in the current reporting period.

Sensitivity of assumptions

Ecoquip Australia Pty Ltd:

The Directors and management have performed a sensitivity analysis of the discount rate applied and as a result of the analysis performed have recognised an impairment loss of \$599,391 for the year ended 31 December 2019.

Wescone Distribution Pty Ltd:

The Directors and management have performed a sensitivity analysis of the discount rate applied and as a result of the analysis performed have recognised an impairment loss of \$748,828 for the year ended 31 December 2019.

(c) Intellectual property

Intellectual property includes capitalised development costs associated with the design and development of the MSLT Generation 4 (Gen4) trailer power management, operational control and data telemetry system, designed, built and owned by EcoQuip Australian Pty Ltd and is to be amortised over a five-year period.

20. Trade and other payables

	2019 \$	2018 \$
Trade Creditors	407,313	131,975
Accrued Expenses	87,500	137,478
GST	(16,974)	4,337
PAYG	13,531	12,796
FBT	14,400	7,200
Sundry Creditors	6,745	5,700
	512,515	299,486

21. Employee benefit liabilities

	2019 \$	2018 \$
Employee Entitlements	30,106	14,666
Superannuation	27,310	26,856
	57,416	41,522

Recognition and measurement

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating annual leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the Statement of Financial Position.

(ii) Other long-term employee benefit obligations

The liabilities for long term benefits is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of government bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows.

The obligations are presented as current liabilities in the Statement of Financial Position if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

(iii) Termination benefits

Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Group has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting period, then they are discounted to their present value.

(iv) Share-based payment transactions

The grant date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity.

Share-based payment arrangements in which the Group receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the Group.

22. Interest bearing loans and borrowings – current liabilities

	Note	2019 \$	2018 \$
Non-bank loans		-	9,616
Finance leases	27	<u>100,130</u>	<u>103,521</u>
		<u>100,130</u>	<u>113,137</u>

23. Interest bearing loans and borrowings – non-current liabilities

	Note	2019 \$	2018 \$
Non-bank loans		-	1,048
Finance leases	27	<u>114,945</u>	<u>217,739</u>
		<u>114,945</u>	<u>218,787</u>

24. Equity

(a) Contributed equity

	2019 No. of shares	2018 No. of shares	2019 \$	2018 \$
Fully paid ordinary shares	<u>8,994,533,558</u>	<u>8,244,533,558</u>	<u>73,519,592</u>	<u>72,792,329</u>

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

Ordinary shares have the right to receive dividends as declared and, in the event of the winding up of the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

Capital Management

The Company's capital management policy provides a framework to maintain a capital structure to support the development of the business into one that is income producing. The Company seeks to utilise available borrowing facilities when and to the extent prudent to do so, in order to maximise returns for equity shareholders and limit the need to raise additional equity capital.

Dividends

There were no dividends declared or paid during the reporting period.

Movements in ordinary shares

	No. of shares	\$
<i>Details</i>		
1 January 2018	6,244,533,558	67,964,945
Shares issued to purchase investment	1,900,000,000	4,750,000
Shares issued as part of acquisition consideration	100,000,000	250,000
Transaction costs	-	(172,616)
31 December 2018	<u>8,244,533,558</u>	<u>72,792,329</u>
Share placement	750,000,000	750,000
Transaction costs	-	(22,737)
31 December 2019	<u>8,994,533,558</u>	<u>73,519,592</u>

(b) Other equity

	2019 No. of options	2018 No. of options	2019 \$	2018 \$
\$0.0015 expiry 22 May 2020	175,000,000	175,000,000	-	36,865
\$0.0020 expiry 22 May 2021	175,000,000	175,000,000	25,201	50,820
\$0.0040 expiry 9 November 2020	20,000,000	20,000,000	10,166	13,425
\$0.0045 expiry 9 November 2021	20,000,000	20,000,000	9,542	12,900
	<u>390,000,000</u>	<u>390,000,000</u>	<u>44,909</u>	<u>114,010</u>

Movements in other equity

There were no movements in other equity during the financial year ending 31 December 2019.

(c) Reserves

	2019 \$	2018 \$
Share based reserves - Reserve holding shares subject to the achievement of performance-based measures	3,470,000	3,470,000
Options based reserves	2,635,365	2,590,456
Non-controlling interest reserve	(45,000)	-
	<u>6,060,365</u>	<u>6,060,456</u>

Recognition and measurement

Contributed equity

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

25. Earnings/(loss) per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding adjusted for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

(a) Basic earnings/(loss) per share

	2019 cents	2018 cents
From continuing operations attributable to the ordinary equity holders of the company	<u>(0.0225)</u>	<u>(0.0555)</u>
Total basic earnings per share attributable to the ordinary equity holders of the company	<u>(0.0225)</u>	<u>(0.0555)</u>

(b) Reconciliation of earnings used in calculating earnings per share

	2019	2018
	\$	\$
Profit/(loss) attributable to the ordinary equity holders of the company used in calculating basic earnings per share:		
From continuing operations	<u>(1,874,882)</u>	<u>(4,510,785)</u>

26. Acquisitions

(a) Acquisition of Wescone Distribution Pty Ltd

On 23 January 2018 the Group acquired 100% of the equity instruments of Wescone Distribution Pty Ltd (Wescone), a Perth based business, and it was determined that Volt obtained 'control' of Wescone pursuant to AASB 10 Consolidated Financial Statements. The acquisition was made to enhance the Group's position in the mining services sector, giving the Group access to additional services and customers. The details of the business combination are as follows:

	\$
Fair value of consideration transferred	
Amount settled in cash	4,750,000
Amount settled in equity	250,000
Completion working capital adjustment	<u>(12,398)</u>
Total	4,987,602
Recognised amounts of identifiable net assets	
Cash and cash equivalents	222,629
Trade and other receivables	58,166
Inventories	491,806
Other current assets	266
Current tax asset	<u>10,908</u>
Total current assets	783,775
Property, plant and equipment	158,361
Deferred Tax Assets	-
Total non-current assets	158,361
Trade and other payables	(149,813)
Employee entitlements	(40,925)
Interest bearing loans and borrowings	<u>(37,285)</u>
Total current liabilities	(228,023)
Interest bearing loans and borrowings	<u>(1,045)</u>
Total non-current liabilities	(1,045)
Identifiable net assets	713,068
Goodwill on Acquisition	4,274,534
Consideration transfer settled in cash	(4,750,000)
Cash and cash equivalents acquired	<u>(222,629)</u>
Net cash inflow on acquisition	(4,527,371)
Acquisition costs charged to expenses	<u>73,497</u>
Net cash paid relating to the acquisition	4,600,868

The goodwill on acquisition was attributable to Wescone's position and profitable trading in the mining services market.

Due to the suspension of a service agreement with a key customer, management conducted a review of the carrying value of goodwill on acquisition. Based on an assessment of the loss of profitability from suspension of these arrangements and the requirements of AASB 136 Impairment of Assets, the group determined that it incurred an impairment expense of \$3,525,706 in the December 2018 financial year.

Contingent consideration

The contingent consideration is a royalty arrangement pursuant to which the Wescone vendor has been granted:

- a 25% royalty on all gross revenue received by Wescone exceeding \$2 million per annum (Primary Royalty) expiring on the earlier of total Primary Royalty payments reaching \$6 million or the 10th anniversary of completion of the Wescone Acquisition; and
- a 2% royalty on all gross revenue received by Wescone exceeding \$2 million per annum commencing on expiry of the Primary Royalty and ceasing on the 15th anniversary of completion of the Wescone Acquisition.

Acquisition related costs

Acquisition-related costs will be included in other expenses in profit or loss in the reporting period ending 31 December 2018.

27. Leases

The Group has various items of plant and equipment that are held under finance lease arrangements. As at 31 December 2019, the net carrying amount held under finance lease arrangements is \$215,075 (2018: \$321,260).

The Group's finance lease liabilities, which are secured by the related assets held under finance leases, are classified as follows:

	2019	2018
	\$	\$
<i>Finance lease liabilities</i>		
Current	<u>100,130</u>	<u>103,521</u>
<i>Finance lease liabilities</i>		
Non-current	<u>114,945</u>	<u>217,739</u>

Future minimum finance lease payments at the end of each reporting period under review were as follows:

	Within 1 Year	1-5 years	After 5 years	Total
	\$	\$	\$	\$
2018				
Lease payments	124,738	237,450	-	362,188
Finance charges	<u>(21,217)</u>	<u>(19,711)</u>	-	<u>(40,928)</u>
Net present values	<u>103,521</u>	<u>217,739</u>	<u>-</u>	<u>321,260</u>
2019				
Lease payments	112,571	122,056	-	234,627
Finance charges	<u>(12,441)</u>	<u>(7,111)</u>	-	<u>(19,552)</u>
Net present values	<u>100,130</u>	<u>114,945</u>	<u>-</u>	<u>215,075</u>

Leases under the terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

28. Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	2019	2018
	\$	\$
BDO		
Audit and review of financial statements	<u>53,000</u>	<u>44,546</u>
Total remuneration for audit and other assurance services	<u>53,000</u>	<u>44,546</u>
Total remuneration of BDO	<u>53,000</u>	<u>44,546</u>

29. Contingencies

Contingent consideration

The contingent consideration is a royalty arrangement pursuant to which the Wescone vendor has been granted:

a 25% royalty on all gross revenue received by Wescone exceeding \$2 million per annum (Primary Royalty) expiring on the earlier of total Primary Royalty payments reaching \$6 million or the 10th anniversary of completion of the Wescone Acquisition; and

a 2% royalty on all gross revenue received by Wescone exceeding \$2 million per annum commencing on expiry of the Primary Royalty and ceasing on the 15th anniversary of completion of the Wescone Acquisition.

The Group has no contingent liabilities as at 31 December 2019.

30. Commitments

(a) Non-cancellable operating leases

The Group leases a workshop and office, for its wholly owned subsidiary Wescone Distribution Pty Ltd, under non-cancellable operating leases expiring within 3 years, with an option to extend the lease for a period of between 1 and 3 years. The option for renewal includes a CPI increase in the rent. The Group has applied practical expedients in accordance with AASB 16 – Leases and as such, as the lease has a term of less than 12 months remaining, no right of use asset or lease liability has been accounted for.

	2019	2018
	\$	\$
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	34,992	34,992
Later than one year but not later than five years	-	34,992
	<u>34,992</u>	<u>69,984</u>

31. Related party transactions

(a) Key management personnel compensation

	2019	2018
	\$	\$
Short-term employee benefits	449,960	449,960
Post-employment benefits	-	-
Termination benefits	-	-
Share based payments	25,201	87,685
	<u>475,161</u>	<u>537,645</u>

Detailed remuneration disclosures are provided in the remuneration report.

(b) Transactions with other related parties

	2019	2018
	\$	\$
The following transactions occurred with related parties:		
Purchases:		
Purchases of goods and services – EC&M Ltd	-	436,575
Purchase of rent and administration support services – EC&M Ltd	90,679	238,266
	<u>90,679</u>	<u>674,841</u>

ECM Pty Ltd (ECM) is a related party of Mr Simon Higgins and during the year ECM entered into the following transactions with the Company:

- ECM provided office rent, accounting, tax and IT support at a rate of \$15,000 per month (excl. GST).
- The Group's subsidiary EcoQuip Australia Pty Ltd entered into a contract with ECM, for the provision of office space at a rental of \$3,583 per month (excl. GST).
- On a Consolidated level, payments to ECM totalled \$90,679 for the year ended 31 December 2019.
- Both of the above arrangements with ECM ceased in August 2019.

32. Subsidiaries and transactions with non-controlling interests

Significant investments in subsidiaries during the year ended 31 December 2019 are set out below:

Name of entity	Country of incorporation	Class Of Shares	Equity holding 2019 %	Equity holding 2018 %
ATEN Operations Pty Ltd	Australia	Ordinary	100	100
Enerji Holdings Pty Ltd	Australia	Ordinary	100	100
Enerji Research Pty Ltd	Australia	Ordinary	100	100
Enerji PE Management Pty Ltd	Australia	Ordinary	100	100
Enerji GMRL SPV Pty Ltd	Australia	Ordinary	100	100
Wescone Distribution Pty Ltd	Australia	Ordinary	100	100
EcoQuip Australia Pty Ltd	Australia	Ordinary	54	50

33. Non-controlling interests

(a) Ecoquip summarised balance sheet

	2019 \$	2018 \$
Current assets	149,745	461,905
Current liabilities	(296,707)	(82,925)
Current net (liabilities)/assets	(146,962)	378,980
Non-current assets	1,231,403	748,109
Non-current liabilities	(114,946)	(377,045)
Non-current net assets	1,116,457	371,064
Net assets	969,495	750,044
Non-controlling interest	46%	50%
Accumulated non-controlling interest	445,968	375,022

(b) Ecoquip summarised statement of comprehensive income

	2019 \$	2018 \$
Revenue	460,383	531,299
Loss for the period	(30,552)	(526,214)
Other comprehensive income	-	-
Total comprehensive loss	(30,552)	(526,214)
Non-controlling interest	46%	50%
Loss attributable to non-controlling interest	(14,054)	(263,107)

(c) Ecoquip summarised cash flows

	2019 \$	2018 \$
Cash flows from operating activities	232,597	(1,277,404)
Cash flows from investing activities	(564,628)	(213,097)
Cash flows from financing activities	(64,834)	77,249
Net increase/ (decrease) in cash and cash equivalents	(396,865)	(1,413,252)

34. Events occurring after the reporting period

There are no events that occurred subsequent to the reporting period ending, that would have a material impact on the financial statements as at 31 December 2019.

35. Share based payments

(a) Employee share scheme

A scheme under which shares may be issued by the Company to employees with an interest free loan for the purchase price of the shares was approved by shareholders at a general meeting on 1 December 2009.

(b) Other share-based payments

No Options were granted in the year ended 31 December 2019.

Options were granted to the Managing Director on 23 March 2017, with the following terms:

- 175,000,000 Options exercisable at 0.15 cents each and expiring 36 months after the date of issue (Tranche 1)
- 175,000,000 Options exercisable at 0.20 cents each and expiring 48 months after the date of issue (Tranche 2)
- Options issued to Mr Boyd will vest subject to him being continuously employed by the Group for a period of 12 months, in the case of Tranche 1 options, and for a period of 24 months in the case of Tranche 2 options.

Options were issued to an employee on 8 November 2017, with the following terms:

- 20,000,000 Options exercisable at 0.40 cents each and expiring 36 months after the date of issue (Tranche 3)
- 20,000,000 Options exercisable at 0.45 cents each and expiring 48 months after the date of issue (Tranche 4)

The Board has valued the options issued to employees and determined on the basis of the assumptions set out below the technical value of the options as follows:

	Options Tranche 1	Options Tranche 2	Options Tranche 3	Options Tranche 4
Exercise price	0.0015	0.0020	0.0040	0.0045
Underlying spot price	0.001	0.001	0.003	0.003
Dividend yield	0%	0%	0%	0%
Expected volatility	100%	100%	100%	100%
Risk free interest rate	1.95%	1.95%	1.95%	1.95%
Vesting period	12 months	24 months	24 months	24 months
Fair value per option	\$0.00054	\$0.00054	\$0.00138	\$0.00130

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 Company, including their personally related parties is as set out below:

Name	Vested and exercisable	Unvested	Granted as compensation	Exercised	Forfeited	Other changes	Balance at the end of the year	Vested and exercisable	Unvested
Executive KMP									
Adam Boyd	350,000,000	-	-	-	-	-	350,000,000	350,000,000	-

(c) Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefit expense were as follows:

	2019 \$	2018 \$
Expense arising from equity-settled share-based payment transaction	44,909	114,010
Total expense arising from share-based payment transactions	44,909	114,010

36. Financial instruments

Financial risk management policies

The Group financial instruments consist mainly of deposits with banks, accounts receivables and payables and domestic loans.

The Board of Directors analyse financial risk exposure at Board Meetings to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts. The Board's overall risk management strategy seeks to assist the Group in meeting its financial targets, whilst minimizing potential adverse effects on financial performance.

(a) Market risk

(i) Foreign exchange risk

At present the Group has no foreign exchange risk in respect of forecast sales and purchases. The Group also has no hedges in place for its trade receivables and trade payables denominated in a foreign currency.

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the United States Dollar (USD).

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

Management has set up a policy that all transactions in foreign currencies be transacted at spot. Management will continually review this policy based on volumes of foreign currency required.

(ii) Cash flow and fair value interest rate risk

The Group's policy is to minimise interest rate cash flow risk exposures on long-term financing. Longer term borrowings are therefore usually at fixed rates. The Group's exposure to interest rate risk relate primarily to cash and cash equivalents. As at 31 December 2019, the Group has hire purchase financial liabilities that are at fixed rates and has no financial liabilities subject to interest rate movements. The Group's maximum exposure to interest rate risk at reporting date is shown below. As such, sensitivity to interest rate risk is considered immaterial.

	Note	2019 \$	2018 \$
Cash and cash equivalents	14	1,287,705	1,233,662
Trade and other receivables - current	15	140,321	256,763
		<u>1,428,026</u>	<u>1,490,425</u>

(b) Credit risk

Credit risk arises from cash and cash equivalents, held-to-maturity investments, favourable derivative financial instruments and deposits with banks and financial institutions, as well as the credit exposures to wholesale and retail customers, including outstanding receivables.

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was

	Note	2019 \$	2018 \$
Cash and cash equivalents	14	1,287,705	1,233,662
Trade and other receivables - current	15	140,321	256,763
		<u>1,428,026</u>	<u>1,490,425</u>

The Group manages credit risk through dealing with creditworthy counterparties and balances are monitored on an ongoing basis. For bank and financial institutions, only independently rated parties with a minimum Standard & Poor's credit rating of A (or equivalent) are accepted.

In respect of trade and other receivables, the Group is not exposed to any significant credit risk exposure to any single counterparty or any group of counter parties having similar characteristics. Trade receivables include blue chip companies in mining and mining services industries. Management consider the credit quality of trade receivables that are not past due or impaired to be good.

(c) Liquidity risk

The Group has limited exposure to liquidity risk as the Group's main liabilities are trade and other payables and hire purchase liabilities. The Group considers expected cash flows from financial assets in assessing and managing liquidity risk, in particular its cash resources and trade receivables. The Group's existing cash resources and trade receivables (see Notes 14 and 15) exceed the current cash outflow requirements. Cash flows from trade and other receivables are all contractually due within six months.

(d) Recognised fair value measurements

The net fair value and carrying amounts of financial assets and financial liabilities are disclosed in the Consolidated Statement of Financial Position and in the Notes to the Consolidated Statement of Financial Position. This note provides an update on the judgements and estimates made by the group in determining the fair values of the financial instruments.

Financial Instruments Measured at Fair Value

The financial instruments recognised at fair value in the Statement of Financial Position have been analysed and classified using a fair value hierarchy reflecting the significance of the inputs used in making the measurements.

Fair value hierarchy

The fair value hierarchy consists of the following levels:

- Quoted prices in active markets for identical assets and liabilities (Level 1);
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3)

As at 31 December 2019 and 31 December 2018, the carrying amount of assets and liabilities approximate their fair values.

There were no transfers between levels for recurring fair value measurements during the year. The Group's policy is to recognize transfers into and transfers out of fair value hierarchy levels as at the end of the reporting date.

Level 1: the fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Level 2: the fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximises the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument is observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Capital management

The Board's policy is to maintain a strong asset base so as to maintain investor, creditor and market confidence and to sustain future development of the business. There were no changes in the Group's approach to capital management during the year. Neither the Group nor any of its subsidiaries is subject to externally imposed capital requirements.

37. Parent entity financial information

Statement of financial position

	2019	2018
	\$	\$
Current assets	947,704	702,117
Non-current assets	1,589,542	2,734,847
Total assets	2,537,246	3,436,964
Current liabilities	(523,679)	(193,874)
Total liabilities	(523,679)	(193,874)
Net assets	2,013,567	3,243,090
Shareholders' equity		
Issued capital	73,519,592	72,792,329
Reserves	6,105,365	6,060,457
Accumulated losses	(77,611,390)	(75,609,696)
Total shareholders' equity	2,013,567	3,243,090
Loss for the year	(676,492)	(4,413,897)
Total comprehensive loss	(676,492)	(4,413,897)

38. Accounting standards issued not yet effective

The following recently issued standards, interpretations and amendments which are not yet effective and have not been applied, however the Company is in the process of assessing their impact:

- AASB Interpretation 23 Uncertainty over Income Tax Treatments - application date;
- AASB 101 Presentation of Financial Statements and AASB 108 Accounting Policies, changes in accounting estimates and errors changes to the definition of materiality; and
- AASB 3 Business Combinations (AASB 3) – Changes to the definition of a business.

Directors' Declaration

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

1. In the opinion of the directors:
 - (a) the financial statements and notes of Volt Power Group Limited for the financial year ended 31 December 2019 are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 and of its performance for the year ended on that date; and
 - (ii) complying with Accounting Standards and the Corporations Regulations 2001;
 - (b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 2(a); and
 - (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. This declaration has been made after receiving the declarations required to be made to the directors by the chief executive officer and chief financial officer in accordance with section 295A of the Corporations Act 2001 for the financial year ended 31 December 2019.

On behalf of the board.

A handwritten signature in black ink, appearing to read "Simon Higgins".

Simon Higgins
Chairman
Perth
28 February 2020

INDEPENDENT AUDITOR'S REPORT

To the members of Volt Power Group Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Volt Power Group Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2019, 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 report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2019 and of its financial performance for the year ended on that date; 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 Group in accordance with 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 2(b) in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the group's ability to continue as a going concern and therefore the group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our 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

Carrying Value Of Goodwill Assets

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>As disclosed in Note 19 of the financial report, an impairment of goodwill was recognised for the year ended 31 December 2019.</p> <p>As required by the Australian Accounting Standards, the Group performed an annual impairment test for each cash generating unit (CGU) to which goodwill has been allocated to determine whether the recoverable amount is below the carrying amount as at 31 December 2019.</p> <p>This was determined to be a key audit matter as management’s assessment of the recoverability of the goodwill is supported by a value in use (VIU) cash flow forecast which requires estimates and judgements about future performance.</p>	<p>Our procedures included, but were not limited to the following:</p> <ul style="list-style-type: none"> • Holding discussions with regarding the performance of each of the CGUs; • Challenging key inputs used in the VIU model including the following: <ul style="list-style-type: none"> ○ Comparing growth rates with historical data and economic and industry growth factors; ○ Comparing the Group’s forecast cash flows to the Board approved budget; ○ Reviewing the appropriateness of the discount rates utilised by management; ○ Performing sensitivity analysis on the key inputs used in the VIU models; and • Assessing the adequacy of the related disclosures in note 19 of the financial report.



Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 31 December 2019, 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 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 group 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 Group or to cease operations, or has 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 11 to 16 of the directors' report for the year ended 31 December 2019.

In our opinion, the Remuneration Report of Volt Power Group Limited, for the year ended 31 December 2019, 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.

BDO Audit (WA) Pty Ltd

BDO

A handwritten signature in black ink, appearing to read 'J Prue', written in a cursive style.

Jarrad Prue

Director

Perth, 28 February 2020

Investor Information

Additional information required by the Australian Securities Exchange Limited and not shown elsewhere in this report is as follows. The information is current at 21 February 2020.

Distribution of equity securities

The number of shareholders, by size of holding, in each class of share are detailed below:

Range	Securities	%	No. of holders	%
100,001 and Over	8,971,495,028	99.74	748	34.65
10,001 to 100,000	20,701,935	0.23	526	24.36
5,001 to 10,000	1,437,722	0.02	176	8.15
1,001 to 5,000	784,078	0.01	274	12.69
1 to 1,000	114,794	0.00	435	20.15
Total	8,994,533,557	100.00	2,159	100.00
Unmarketable Parcels	88,709,165	0.99	1,693	78.42

Twenty largest shareholders

The names of the twenty largest holders of quoted shares are:

Rank	Name	21 Feb 2020	%IC
1	MR MICHAEL CAMPBELL HENDER	692,000,000	7.69
2	RENEWABLE INITIATIVE PTY LTD	589,500,000	6.55
3	GENUSPLUS GROUP PTY LTD	461,000,000	5.13
4	S & N HIGGINS SUPER PTY LTD	428,000,000	4.76
5	SIMON HIGGINS	345,000,000	3.84
6	AHB SUPER PTY LTD	320,000,000	3.56
7	RENEWABLE INITIATIVE PTY LTD	300,500,000	3.34
8	DAVID OGG & ASSOCIATES PTY LTD	204,236,707	2.27
9	CHEMBANK PTY LIMITED	200,000,000	2.22
9	HOODWINKED PTY LTD	200,000,000	2.22
10	MR GREGORY JOHN BITTAR	167,210,942	1.86
11	MARK JOHN CLARK	152,765,866	1.70
12	BOUCHI PTY LTD	152,530,017	1.70
13	STEPHENS GROUP SUPER FUND PTY LTD	150,000,000	1.67
14	MR CARRICK DURRANT RYAN	144,661,090	1.61
15	ZERRIN INVESTMENTS PTY LTD	143,330,017	1.59
16	BOTSIS HOLDINGS PTY LTD	136,706,690	1.52
17	AHB SUPER PTY LTD	130,000,000	1.45
18	MR MARK JOHN CLARK	115,000,000	1.28
19	DARRYL PETER OLDFIELD	110,000,000	1.22
20	HIGGINS WESTERN PTY LTD	109,000,000	1.21
	Total	5,251,441,329	58.38
	Balance of register	3,743,092,228	41.62
	Grand total	8,994,533,557	100.00

Substantial shareholders

The following shareholders have declared a relevant interest in the number of voting shares at the date of giving notice under Part 6C.1 of the Corporations Act 2001.

Name	No. ordinary shares	% of issued capital
Adam Boyd (and related)	1,440,000,000	16.01%
Simon Higgins (and related)	801,000,000	8.905%
GenusPlus Group Pty Ltd	461,000,000	5.13%

Voting rights

Each ordinary shareholder present at a general meeting in person, by proxy or by representative is entitled to one vote on a show of hands, or on a poll, one vote for each fully paid ordinary share subject to any voting restrictions that may apply.

THIS PAGE IS INTENTIONALLY LEFT BLANK

THIS PAGE IS INTENTIONALLY LEFT BLANK

