

**REDCHIP INTERNATIONAL LIMITED**

(Formerly VGP Corporation Limited)

**ABN 53 111 398 040**

**Annual Report**

**For the year ended**

**30 June 2016**

# **REDCHIP INTERNATIONAL LIMITED – ANNUAL REPORT**

(Formerly VGP Corporation Limited)

**FOR THE YEAR ENDED 30 JUNE 2016**

## **CORPORATE INFORMATION**

This annual report covers Redchip International Ltd (ABN 53 111 398 040) as an individual entity.

A description of the Company's operations and of its principal activities is included in the review of operations and activities in the directors' report.

### **Directors**

Yuen Loke Chin – Appointed 22 March 2013  
Kasudjono Harianto – Appointed 22 March 2013  
Michael Thirnbeck – Appointed 23 December 2013  
Alberto Migliucci – Appointed 13 October 2014

### **Company Secretary**

Tai Minh Phan – Appointed 18 December 2015

### **Registered Office**

Level 36  
Governor Phillip Tower  
1 Farrer Place  
SYDNEY NSW 2000

### **Principal place of business**

Level 36  
Governor Phillip Tower  
1 Farrer Place  
SYDNEY NSW 2000

### **Share Register**

Security Transfer Registrars Pty Ltd  
770 Canning Highway  
APPLECROSS WA 6153

### **Legal Advisors**

DLA Piper Australia  
Level 21  
140 William Street  
Melbourne VIC 3000

### **Auditors**

Deloitte Touche Tohmatsu  
Grosvenor Place  
225 George Street  
SYDNEY NSW 2000

**REDCHIP INTERNATIONAL LIMITED – ANNUAL REPORT**  
(Formerly VGP Corporation Limited)

**FOR THE YEAR ENDED 30 JUNE 2016**

**TABLE OF CONTENTS**

	Page
Corporate information	2
Corporate governance statement	4
Directors' report	9
Auditor's independence declaration	15
Statement of profit or loss and other comprehensive income	16
Statement of financial position	17
Statement of changes in equity	18
Statement of cash flow	19
Notes to the financial statements	20
Note 1: General Information	20
Note 2: Application of new and revised accounting standards	20
Note 3: Statement of significant accounting policies	20
Note 4: Financial risk management	27
Note 5: Critical accounting estimates and judgments	29
Note 6: Segment information	29
Note 7: Revenue and other income	30
Note 8: Income tax	30
Note 9: Cash and cash equivalents	31
Note 10: Trade and other receivables	31
Note 11: Prepayments	31
Note 12: Intangible assets	32
Note 13: Property, plant & equipment	33
Note 14: Investments	33
Note 15: Trade and other payables	33
Note 16: Borrowings - Current	34
Note 17: Borrowings – Non Current	34
Note 18: Issued capital	35
Note 19: Accumulated losses	35
Note 20: Interest of key management personnel (KMP)	36
Note 21: Dividends	37
Note 22: Auditors remuneration	37
Note 23: Contingent liabilities and assets	37
Note 24: Related Parties	38
Note 25: Subsequent Events	38
Note 26: Earnings per share	38
Note 27: Commitments	39
Note 28: Name change	39
Directors' declaration	40
Independent auditor's report to the members	41
Additional information for listed public companies	43

# REDCHIP INTERNATIONAL LIMITED – ANNUAL REPORT

(Formerly VGP Corporation Limited)

FOR THE YEAR ENDED 30 JUNE 2016

## CORPORATE GOVERNANCE STATEMENT

### Background

The board of directors is responsible for the corporate governance of Redchip International Ltd (the Company). The Company operates in accordance with the corporate governance principles as set out by the ASX Corporate Governance Council and required under ASX listing rules.

The Board guides and monitors the business and affairs of the Company on behalf of the shareholders by whom they are elected and to whom they are accountable.

The Redchip International Limited's Corporate Governance Statement on the governance practices adopted by the Company is structured with reference to the ASX Corporate Governance Council's Principles and Recommendations. The practices are summarised below.

The Board is committed to improving its corporate governance practices and embracing the principles put out by the ASX Corporate Governance Council, however the Board is of a view that the adoption of the practices and principles should be in line with the growth in size, changes in the nature and increase in complexity of the Company's business.

The Board aims to achieve all of the Best Practice Recommendations in stages as the Company grows and its circumstances change over time. As reported in the current year's annual report, the Company has been concentrating its efforts to restore the financial position of the Company and has worked to improve its corporate governance practices.

### Principle 1: Lay solid foundations for management and oversight

Following the resumption of quotation of securities on the ASX, the Board ensures the Company is structured such that there are clearly defined roles, segregation of duties and responsibilities and approved levels of authority between the management and the governance of the Company. The Board sets the overall corporate governance policy for the Company including determining the strategic direction, establishing policies and goals for management and monitoring the achievement of them. The Board delegates responsibility for the day to day management of the Company to the Chief Executive Officer and the senior executive team.

The key responsibilities of the Board include:

- Setting the long-term strategy and annual business plan including objectives and milestones to be achieved;
- Evaluating capital, cash and operating risk budgets and making appropriate recommendations on an annual basis;
- Reviewing and approving the Company's financial, strategic and operational goals and assessing key business developments as formulated by management in line with the objectives and goals set by the Board;
- Monitoring the performance of the Company against the financial objectives and operational goals set by the Board and reviewing the implementation of Board approved strategies;
- Assessing the appropriateness of the skill sets and the levels of experience of the members of the Board, individually and as a whole and selecting new members to join the Board when a vacancy exists;
- Appointing, removing and determining the terms of engagement of the Directors, Chief Executive Officer and Company Secretary;
- Overseeing the delegation of authority for the day to day management of the Company;
- Ensuring that the risk management systems, financial reporting and information systems, personnel, policies and procedures are all operating efficiently and effectively by establishing a framework of internal controls and compliance;
- Reviewing major contracts, goods or services on credit terms' acceptance of counter-party risks and issuing guarantees on behalf of the Company;
- Approving the capital structure and major funding requirements of the Company;
- Making recommendations as to the terms of engagement, independence and the appointment and removal of the external auditors;
- Setting the Code of Conduct for the Company and ensuring that appropriate standards of corporate governance and ethics are effectively communicated throughout the Company and complied with;
- Reviewing the adherence by each director to the Director's Code of Ethics;
- Establishing policies to ensure that the Company complies with the ASX Continuous Disclosure Policy;
- Approving the Company's half year and full year reports to the shareholders, ASX and ASIC; and
- Ensuring that recruitment, retention, termination, remuneration, performance review and succession planning policies and procedures are in place and complied with.

# REDCHIP INTERNATIONAL LIMITED – ANNUAL REPORT

(Formerly VGP Corporation Limited)

FOR THE YEAR ENDED 30 JUNE 2016

## CORPORATE GOVERNANCE STATEMENT

The Board strives to achieve an appropriate mix of gender diversity among its directors pursuant to the Company's goals, activities and strategy and the relevant guidelines as recommended by the Corporate Governance council from time to time. The Board will review this issue annually.

### **Principle 2: Structure the Board to add value**

The Board is presently structured to maximise value to the Company and the shareholders. The Board is of a size and composition that is conducive to making decisions expediently, with the benefit of a variety of perspectives, experiences and skills.

### **Board composition**

The Board is composed of four directors. The skills, experience and expertise relevant to the position of Director held of each Director in office at the date of the annual report are included in the Directors' Report.

The Board is of the opinion that, with the Company currently in the initial phase of its new business, the Company should have a board which has more of a hands-on and technical experience in order to establish the business and grow the Company.

It is the Board's intention to achieve all of the Best Practice Recommendations.

The Board has determined that there are sufficient appropriate alternative governance measures in place to ensure that non-compliance with the recommendations does not give rise to undue risk or other material concerns relating to the management and oversight of the Company.

### **Term of office**

The members of the Board are elected by the shareholders to ensure that the Board has the appropriate mix of expertise and experience.

In accordance with the Corporations Act 2001, if a person is appointed as Director during the year, the Company must confirm appointment by resolution at the Company's next Annual General Meeting.

When a vacancy exists on the Board, the Board appoints the most suitable candidate from a panel of candidates, who then must stand for election at the next Annual General Meeting if he or she wishes to continue as a member of the Board in the following year.

### **Personal interests & conflicts**

Directors must not take advantage of their position as Directors and must not allow their personal interests, or the interests of any associated person to interfere or exert undue influence on their conduct or decisions as a Director.

Directors also have a duty to avoid conflicts of interest between the best interests of the Company and their own personal or commercial interests. Conflicts of interest can be either actual or potential. If a conflict of interest arises, Directors must disclose their interests to the Board immediately. The Directors concerned must not be present at the meeting while the matter is being considered and must not be allowed to vote on the matter either.

### **Independent professional advice**

There are procedures in place, agreed by the Board, to enable directors in furtherance of their duties to seek independent professional advice at the Company's expense.

### **Board Standing Committees**

The Board established a Nomination and Remuneration Committee, which has the authority and power to exercise the roles and responsibilities granted to it under a nomination and remuneration committee charter and any other resolutions of the Board from time to time. The Committee is comprised of 3 directors, 2 of which are independent directors and one of whom acts as chairperson.

As explained throughout this section, the Board feels that at the present time each of the recommendations is not cost effective for adoption in a small public company such as RedChip International Limited. However, the Board will constantly monitor and review the situation.

# **REDCHIP INTERNATIONAL LIMITED – ANNUAL REPORT**

(Formerly VGP Corporation Limited)

**FOR THE YEAR ENDED 30 JUNE 2016**

## **CORPORATE GOVERNANCE STATEMENT**

### **Principle 3: Act ethically and responsibly**

#### **Code of Conduct**

The Board has adopted a code of conduct (Code of Conduct) which sets out the values, commitments, ethical standards and policies of the Company and outlines the standards of conduct expected of the Company's business and people, taking into account the Company's legal and other obligations to its stakeholders.

The Code of Conduct will apply to all Directors, as well as all officers, employees, contractors, consultants and other persons that act on behalf of the Company.

#### **Principle 4: Safeguard integrity in corporate reporting**

It is the Board's responsibility to ensure an effective internal control framework exists within the entity. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records and the reliability of financial information as well as non-financial considerations such as benchmarking of operational key performance indicators.

#### **Audit & Risk Management Committee - audit responsibilities**

The Board has established an Audit and Risk Committee. This Committee is responsible for, amongst other things, appointing the Company's external auditors and overseeing the integrity of the Company's financial reporting systems and financial statements.

The Company has also adopted an Audit and Risk Committee Charter.

The Company will disclose, at the relevant time, the number of times the Audit and Risk Committee met, and the attendance at those meetings, at the end of each relevant reporting period.

#### **Executive Assurance**

The Board will implement a process to receive written assurances from its CEO and Chief Financial Officer that the declarations that will be provided under section 295A of the *Corporations Act 2001* (Cth) are founded on a system of risk management and internal control and that the system is operating in all material respects in relation to financial reporting risks.

The Board will seek these assurances prior to approving the annual financial statements for all half year and full year results that follow.

The Company has adopted a formal Disclosure and Communication Policy, where there is an express requirement that the external auditor will attend the AGM and be available to answer questions about the conduct of the audit and the preparation and content of the auditor's report.

#### **Principle 5: Make timely and balanced disclosure**

Consistent with the Board's commitment to improving its disclosure policy, the Board has adopted a Disclosure and Communication Policy, which sets out the Company's commitment to the objective of promoting investor confidence and the rights of shareholders by:

- Complying with the continuous disclosure obligations imposed by law;
- Ensuring that company announcements are presented in a factual, clear and balanced way;
- Ensuring that all shareholders have equal and timely access to material information concerning RedChip International Limited; and
- Communicating effectively with shareholders and making it easy for them to participate in general meetings.

#### **Principle 6: Respect the rights of security holders**

The Company recognises the rights of its security holders and other interested stakeholders to have easy access to balanced, understandable and timely information concerning the operations of the Company. The Chief Executive Officer and the Company Secretary are primarily responsible of ensuring communications with security holders are delivered in accordance with this strategy and with our policy of continuous disclosure.

# **REDCHIP INTERNATIONAL LIMITED – ANNUAL REPORT**

(Formerly VGP Corporation Limited)

**FOR THE YEAR ENDED 30 JUNE 2016**

## **CORPORATE GOVERNANCE STATEMENT**

The Board has adopted a Disclosure and Communication Policy which supports its commitment to effective communication with its shareholders. In addition, the Company intends to communicate with its shareholders:

- By making timely market announcements;
- By posting relevant information on its website;
- By inviting shareholders to make direct inquiries to the Company; and
- Through the use of general meetings

### **Annual General Meeting**

The Board encourages participation of security holders at the Annual General Meeting to ensure a high level of accountability and identification with the Company's strategy and goals. Security holders are requested to vote on the appointment and aggregate remuneration of Directors, the granting of options and shares to Directors, issue of shares and changes to the constitution.

The Board has also requested representatives from Deloitte Touche Tohmatsu, the Company's external auditor, to be present at the Annual General Meeting to answer questions that shareholders might have about the scope and conduct of the audit, the preparation and content of the auditor's report, the accounting policies adopted by the Company and the independence of the auditor.

The Company's security holders may elect to receive information from the Company and its registry electronically. Otherwise, the Company and its registry will communicate by post with shareholders who have not elected to receive information electronically.

### **Principle 7: Recognise and manage risk**

#### **Risk management responsibilities**

The Board has adopted a formal Audit and Risk Committee to, amongst other things, ensure the Company has an effective risk management system in place and to manage key risk areas. This committee comprises of 3 independent, non-executive Directors, one of whom acts as chairperson. The Company intends to disclose, at the relevant time, the number of times the Committee met, and the attendance at those meetings, at the end of each reporting period.

Under the Board Charter, the Board will ensure that the Company has in place an appropriate risk management framework and will set the appetite within which the Board expects management to operate. Further, it is intended that the Audit and Risk Committee will, among other things, regularly review and update the risk profile and ensure that the Company has an effective risk management system. As part of this process, the Board will review, at least annually, the Company's risk management framework in order to satisfy itself that it continues to be sound. The Company intends to disclose, at the relevant time, whether a review of the Company's risk management framework was undertaken during the relevant period.

The Audit and Risk Committee is responsible for ensuring that the Company has appropriate internal audit systems and controls in place, and for overseeing the effectiveness of these internal controls. The Committee is also responsible for conducting investigations of breaches or potential breaches of these internal controls. In addition, the Audit and Risk Committee is also responsible for preparing a risk profile which describes the material risks facing the Company, regularly reviewing and updating this risk profile, and assessing and ensuring that there are internal controls in place for determining and managing key risks.

### **Principle 8: Remunerate fairly and responsibly**

#### **Remuneration responsibilities**

The Company has established a Nomination and Remuneration Committee. The Committee is responsible for developing, reviewing and making recommendations on:

- The remuneration framework for directors, including the process by which any pool of directors fees approved by security holders is allocated to directors;
- The remuneration packages to be awarded to senior executives;
- Equity based remuneration plans for senior executives and other employees; and
- Superannuation arrangements for directors, senior executives and other employees.

# **REDCHIP INTERNATIONAL LIMITED – ANNUAL REPORT**

(Formerly VGP Corporation Limited)

**FOR THE YEAR ENDED 30 JUNE 2016**

## **CORPORATE GOVERNANCE STATEMENT**

The Nomination and Remuneration Committee is comprised of 3 directors, 2 of which are independent directors and one of whom will act as independent chairperson. The Company intends to disclose, at the relevant time, the number of times the committee met, and the attendance at those meetings, at the end of each reporting period. The Company has adopted a Nomination and Remuneration Committee Charter.

The Company's remuneration policy is disclosed in the Director's Report. The policy has been set out to ensure that the performance of Directors, key executives and staff reflect each person's accountabilities, duties and their level of performance, and to ensure that remuneration is competitive in attracting, motivating and retaining staff of the highest quality. A program of regular performance appraisals and objective setting for key executives and staff is in place. These annual reviews take into account individual and company performance, market movements and expert advice.

### **Share trading policy**

The constitution permits directors, senior executives and other officers of the Company to trade in Company shares as long as they comply with the Company's Share Trading Policy. The Share Trading Policy is a code that is designed to minimise the potential for insider trading.

Directors must notify the Chairman of the Board, before they buy or sell shares in the Company. If the Chairman of the Board intends to trade in the Company shares, the Chairman of the Board must give prior notice to the Chairman of the Audit & Risk Management Committee. The details of the share trading must be given to the Company Secretary who must lodge such details of such changes in with the ASX.

Senior executives must give prior notice to the Chief Executive Officer, while other officers must notify the Company Secretary, before trading in the Company shares and details of all such transactions must be given, in writing, to the Company Secretary within 7 business days.

Any changes in substantial shareholding of the Directors, senior executives or other officers must be reported to the ASX within 2 business days of such trading. The policy also recommends that trading in the Company shares only occur in the following trading windows:

- 30 days after the announcement of the Company's half year results; and
- 30 days after the announcement of the Company's full year results.



# REDCHIP INTERNATIONAL LIMITED – ANNUAL REPORT

(Formerly VGP Corporation Limited)

FOR THE YEAR ENDED 30 JUNE 2016

## DIRECTORS' REPORT

Your directors submit their report for the year ended 30 June 2016.

### DIRECTORS

The names and details of the company's directors in office during the financial year and up to the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

#### CURRENT DIRECTORS

**Mr Alberto Migliucci**, (Chairman & Non-Executive Director) appointed 13 October 2014.

Mr Migliucci is the CEO and founder of Petra Commodities, a Singapore boutique investment firm. He is a specialist in natural resources for mergers and acquisitions, capital raising (debt and equity), structured finance, lending and IPO/RTOs.

Mr Migliucci is a highly experienced investment banker with outstanding qualifications. He was Managing Director of Credit Suisse's Global Energy Company as well as Head of the investment bank's Mining & Metals and Oil and Gas/Energy franchise in Asia.

With 15 years' experience in Asia, Mr Migliucci also worked for Standard Bank PLC, where he was a Head of the bank's Energy/Mining Finance Department for Asia Pacific, and for Societe General in Hong Kong, where he was a Vice President in Project Finance & Advisory team.

He is a qualified geologist and has 25 years' industry and finance experience.

Mr Migliucci holds a Bachelor of Science (Geology) with First Class Honours, from the University of New South Wales (Sydney) and Masters of Applied Finance from Macquarie University (Sydney).

**Mr Yuen Loke Chin**, (Non-Executive Director) appointed 22 March 2013

Mr Chin has over 30 years' experience in banking, investments, and mining. Prior to serving as a Director of a mining company listed in the TSX (Toronto Stock Exchange) in 2000; Mr Chin worked in the banking industry for 19 years for global financial institutions including Credit Suisse, Standard Chartered Bank, BNP and CIBC handling project finance, corporate lending, and wealth management in Canada, Hong Kong and Singapore.

Mr Chin is currently a Director of a manufacturing company listed on the Jakarta Stock Exchange. Mr Chin has a degree in Economics from the University of Western Ontario, Canada.

**Mr Kasudjono Harianto**, (Non-Executive Director) appointed 22 March 2013.

Mr Kasudjono Harianto is a qualified engineer with over 25 years' experience in management and operations in Indonesian natural resources. Mr Harianto has been Managing Director in his family timber business in Indonesia, which was the first concession in Kalimantan to be certified by an independent auditor as a Sustainable Forest Management Unit Production in 2010.

Mr Harianto is currently a Director of Indo Noble Pte Ltd; a Singapore investment holding and management company for various mining businesses in Indonesia and Asia. He oversees all operational aspects of nickel, gold, iron ore and copper projects in Indonesia.

Mr Harianto holds a Bachelor of Science in Industrial System Engineering, from University of Southern California, CA, USA.

**Mr Michael Thirnbeck**, (Non-Executive Director) appointed 23 December 2013.

Mr Thirnbeck is an experienced geologist with over 25 years in managing numerous mineral development projects in Papua New Guinea, Indonesia and Australia. He has been a Member of the Australasian Institute of Mining and Metallurgy since 1989 and holds B.Sc. (Hons.) degree from University of Queensland.

**Mr Raymond Davis Gentry**, (Executive Director) appointed 23 March 2016, resigned 26 May 2016.

Mr Gentry is the President and Chief Executive Officer of RedChip Companies Inc. Prior to RedChip, Mr Gentry co-founded the First Amendment Coalition, an independent, nonprofit, collegiate-based student organization, in 1994. In 1996, he was the Republican nominee for the United States House of Representatives in the 5<sup>th</sup> District of Florida.

# REDCHIP INTERNATIONAL LIMITED – ANNUAL REPORT

(Formerly VGP Corporation Limited)

FOR THE YEAR ENDED 30 JUNE 2016

## DIRECTORS' REPORT

### Company Secretary

**Mr Tai Minh Phan**, appointed 17 December 2015.

Mr Phan is an experienced lawyer, Company Secretary, corporate governance and compliance professional. He has worked with Boards and executive management for ASX listed and unlisted companies. He has experience in the IPO listing process for the ASX, has been appointed an external consultant for AUSTRAC and as the head of compliance for several large international companies. Mr Phan's experience covers a range of industries including financial services, mining, information technology and legal (both private practice and in-house). Mr Phan has a Graduate Diploma in Legal Practice from the College of Law and is admitted to practice by the Supreme Court of NSW. Mr Phan also has Bachelor of Laws and Bachelor of Science (Psychology) degrees from the University of New South Wales.

**Ms Nicola Betteridge**, appointed 23 March 2015, resigned 17 December 2015

Ms Betteridge is a Chartered Company Secretary with recent experience in advising the Boards of both ASX listed and unlisted companies. She started her career as a Solicitor in Scotland, where she worked for over 5 years in the private client sector in both large and small companies. She acts as Company Secretary to a number of companies in numerous industry sectors, and provides Corporate Secretarial support to a wide range of ASX listed, unlisted and private Companies in Australia.

Ms Betteridge recently completed the Graduate Diploma of Applied Corporate Governance with the Governance Institute of Australia.

## DIRECTORS MEETINGS

The following table sets out the number of directors' meeting held during the financial year and the number the number of meetings attended by each director (while they were a director). During the financial year, 7 board meetings were held.

Directors	Board of Directors	
	Held	Attended
Yuen Loke Chin	7	7
Kasudjono Harianto	7	7
Michael Thirnbeck	7	7
Alberto Migliucci	7	7
Raymond Davis Gentry	1	1

## PRINCIPAL ACTIVITIES

During the year ended 30 June 2016, RedChip International Ltd entered into an Intellectual Property Deed (IP Deed) agreement with RedChip Companies Inc. The IP Deed allows for RedChip International Ltd to acquire and exploit the materials as set out in the IP Deed for the world outside of North and South America and online. RedChip Companies Inc assigns all Intellectual Property Rights in the materials set out in the IP Deed outside of North and South America subject to the provisions of the IP Deed, for a period of ten years from the date of the IP Deed. The consideration to be paid by RedChip International Ltd is 30,000,000 ordinary fully paid shares as well as 5,000,000 Deferred Consideration Shares. The Company provides investor relations, financial media and research for small-mid cap stocks.

## DIVIDENDS

No dividends were paid or declared since the start of the financial year. No recommendation for payment of dividends has been made at the date of this report.

## REVIEW OF OPERATIONS

The Company's reported net loss attributable to RedChip International Limited was \$530,311 (2015: \$129,614).

During the financial year, the Company underwent a share consolidation on a 1 for 4 basis in December 2015. The Company achieved reinstatement to official quotation of its securities on the ASX in March 2016, following a successfully capital raising process.

# **REDCHIP INTERNATIONAL LIMITED – ANNUAL REPORT**

**(Formerly VGP Corporation Limited)**

**FOR THE YEAR ENDED 30 JUNE 2016**

## **DIRECTORS' REPORT**

The Company then entered into an Intellectual Property Deed (IP Deed) agreement with RedChip Companies Inc. The IP Deed allows for RedChip International Ltd to acquire and exploit the materials as set out in the IP Deed for the world outside of North and South America and online. RedChip Companies Inc assigns all Intellectual Property Rights in the materials set out in the IP Deed outside of North and South America subject to the provisions of the IP Deed, for a period of ten years from the date of the IP Deed. The consideration to be paid by RedChip International Ltd is 30,000,000 ordinary fully paid shares as well as 5,000,000 Deferred Consideration Shares. The Company provides investor relations, financial media and research for small-mid cap stocks.

## **SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS**

For significant changes in the state of affairs, see review of operations above.

## **SIGNIFICANT EVENTS AFTER THE REPORTING DATE**

On 29 August 2016, the Company terminated the Support Services (SSA) Agreement with RedChip Companies Inc. pursuant to the terms of the SSA, which permits termination for more than 4 breaches of the SSA. As a result of the termination of the SSA, the Company will no longer be entitled to the services of RedChip Companies Inc. under the SSA. The Company and its third party suppliers will perform all back office, operational and sales and marketing functions itself.

## **LIKELY DEVELOPMENTS AND EXPECTED RESULTS**

The Company has achieved reinstatement to official quotation of its securities on the ASX and has now commenced the RedChip business. The Company now plans to grow this business to deliver value to its shareholders.

## **ENVIRONMENTAL REGULATION AND PERFORMANCE**

The Company is not subject to any specific environmental regulation in its operations under the law of a state/territory or Commonwealth of Australia or Asia.

## **OPTIONS**

There are no options outstanding at the date of this report. There were no options granted which expired during or since the end of financial year.

# REDCHIP INTERNATIONAL LIMITED – ANNUAL REPORT

(Formerly VGP Corporation Limited)

FOR THE YEAR ENDED 30 JUNE 2016

## DIRECTORS' REPORT

### INTERESTS IN THE SHARES AND WARRANTS (OPTIONS) OF THE COMPANY AND RELATED BODIES CORPORATES

The following table sets out each director's relevant interest in shares and deferred consideration shares of the company as at the date of this report:

Directors	RedChip International Limited	
	Fully paid ordinary shares Number	Deferred consideration shares Number
Yuen Loke Chin	-	-
Kasudjono Harianto	-	-
Michael Thirnbeck	-	-
Alberto Migliucci#	25,821,863	-
Raymond Davis Gentry*	30,000,000	5,000,000

# 23,821,863 shares are held by Petra Pacific Pte Ltd and 2,000,000 shares are held by Petra Commodities Pte Ltd

\* Resigned 26 May 2016. The balances displayed represent the balance at this date. All shares are held by RedChip Companies Inc

### INDEMNIFICATION AND INSURANCE OF DIRECTORS, AUDITORS AND OFFICERS

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

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

### PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the company or 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 any part of those proceedings. The company was not a party to any such proceedings during the year.

### REMUNERATION REPORT (AUDITED)

This report outlines the remuneration arrangements in place for directors and key management personnel of RedChip International Ltd.

The Directors of RedChip International Limited during or since the end of the financial year ended 30 June 2016 were:

Name	Position	Appointment	Ceased
Alberto Migliucci	Non-executive director	October 2014	n/a
Michael Thirnbeck	Non-executive director	December 2013	n/a
Yuen Loke Chin	Non-executive director	March 2013	n/a
Kasudjono Harianto	Non-executive director	March 2013	n/a
Raymond David Gentry	Executive director	March 2016	May 2016

### Remuneration philosophy

The Nomination and Remuneration Committee comprises a minimum of three Non-Executive Directors and advises the Board on remuneration policies and practices generally and makes specific recommendations on remuneration packages and other terms of employment for Executive Directors, other senior executives and Non-Executive Directors.

#### *Non-Executive Directors*

Remuneration of the Non-Executive Directors is determined by the Board within the maximum amount approved by the shareholders from time to time.

**REDCHIP INTERNATIONAL LIMITED – ANNUAL REPORT**  
(Formerly VGP Corporation Limited)

FOR THE YEAR ENDED 30 JUNE 2016

**DIRECTORS' REPORT**

The following table provides employment details of persons who were, during the financial year, members of key management personnel (KMP) of the Company. The table also illustrates the proportion of remuneration that was performance and non-performance based:

Key Management Personnel	Position held as at 30 June 2016 and any change during the year	Contract detail (duration & termination)	Proportions of elements of remuneration related to performance		Proportions of elements of remuneration not related to performance	
			Non-salary cash-based incentives	Options	Fixed Salary/ Fees	Total
			%	%	%	%
Michael Thirnbeck	Director (Non-Executive)	No fixed term	-	-	100	100
Mr Yuen Loke Chin	Director (Non-Executive)	No fixed term	-	-	100	100
Mr Kasudjono Harianto	Director (Non-Executive)	No fixed term	-	-	100	100
Mr Alberto Migliucci	Director (Non-Executive)	No fixed term	-	-	100	100
Mr Raymond Davis Gentry	Director (Executive)*+	No fixed term	-	-	100	100

\* Appointed 23 March 2016

+ Resigned 26 May 2016

The number of shares in the Company held during the financial year by each Director of RedChip International Ltd, including their related entities, is set out below:

2016	Balance at the start of the year	Changes during the year	Balance at the end of the year
<b>Directors of RedChip International Limited Ordinary shares</b>			
Yuen Loke Chin	-	-	-
Kasudjono Harianto	-	-	-
Michael Thirnbeck	-	-	-
Alberto Migliucci#	23,821,863	2,000,000	25,821,863
Raymond Davis Gentry*+	-	30,000,000	30,000,000

# 23,821,863 shares are held by Petra Pacific Pte Ltd and 2,000,000 shares are held by Petra Commodities Pte Ltd

\* Appointed 23 March 2016 – balance at the start of the year represents the balance at this date

+ Resigned 26 May 2016 – balance at the end of the year represents the balance at this date. All shares are held by RedChip Companies Inc

# REDCHIP INTERNATIONAL LIMITED – ANNUAL REPORT

(Formerly VGP Corporation Limited)

FOR THE YEAR ENDED 30 JUNE 2016

## DIRECTORS' REPORT

### Remuneration

Mr Michael Thirnbeck, Mr Yuen Loke Chin, Mr Kasudjono Harianto and Mr Alberto Migliucci were not paid any remuneration for the year ended 30 June 2016 and 30 June 2015.

Mr Raymond Davis Gentry was paid a salary of \$189,089 for the year ended 30 June 2016.

### Options granted as part of remuneration

No options were granted or outstanding at the date of this report.

## NON-AUDIT SERVICES

The Board of Directors is satisfied that the provision of non-audit services during the financial year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Board is satisfied that the services disclosed below did not compromise the external auditor's Independences for the following reasons:

- all non-audit services are reviewed by the Board prior to commencement to ensure that they do not adversely affect the Integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

The following fees were paid or payable to Deloitte Touche Tohmatsu for non-audit services provided during the year ended 30 June 2016: \$8,475.

The following fees were paid or payable to Deloitte Touche Tohmatsu for non-audit services provided during the year ended 30 June 2015: \$15,800

## AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 30 June 2016 has been received and can be found on page 16 of the Annual Report.

This Report of the Directors, incorporating the Remuneration Report, is signed in accordance with a resolution of the Board of Directors pursuant to s 298(2) of the Corporations Act 2001.

Signed by



**Yuen Loke Chin**

**Director**

**28 September 2016**

The Board of Directors  
Redchip International Limited  
Level 36  
Governor Phillip Tower  
1 Farrer Place  
Sydney NSW 2000

28 September 2016

Dear Board Members

**Redchip International Limited**

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Redchip International Limited.

As lead audit partner for the audit of the financial statements of Redchip International Limited for the year ended 30 June 2016, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

  
DELOITTE TOUCHE TOHMATSU



Joshua Tanchel  
Partner  
Chartered Accountant

**REDCHIP INTERNATIONAL LIMITED – ANNUAL REPORT**  
(Formerly VGP Corporation Limited)

FOR THE YEAR ENDED 30 JUNE 2016

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

	Note	2016 \$	2015 \$
<b>Revenue</b>			
Business income	7	272,639	-
Other income	7	5,786	1,251
Professional fees		(239,847)	(71,009)
ASX listing fee		(27,582)	(27,501)
Employment expenses		(189,089)	-
Support Services Agreement		(93,931)	-
Amortisation expense		(162,295)	-
Other expenses		(69,625)	(14,283)
Interest on related party loan		(26,367)	(18,072)
<b>Profit/(Loss) before income tax</b>		<u>(530,311)</u>	<u>(129,614)</u>
Income tax expense	8	-	-
<b>Profit/(Loss) for the year</b>		<u>(530,311)</u>	<u>(129,614)</u>
<b>Other comprehensive income/(loss):</b>			-
<b>Total comprehensive income/(loss) for the year</b>		<u>(530,311)</u>	<u>(129,614)</u>
<b>Net loss attributable to:-</b>			
Owners of the Company		<u>(530,311)</u>	<u>(129,614)</u>
<b>Total comprehensive income/(loss) attributable to:-</b>			
Owners of the Parent		<u>(530,311)</u>	<u>(129,614)</u>
<b>Loss per share</b>			
<b>From continuing operations:</b>			
Basic earnings/(loss) per share (cents)	26	(1.35)	(0.12)
Diluted earnings/(loss) per share (cents)	26	(1.35)	(0.12)

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



**REDCHIP INTERNATIONAL LIMITED – ANNUAL REPORT**  
(Formerly VGP Corporation Limited)

FOR THE YEAR ENDED 30 JUNE 2016

STATEMENT OF FINANCIAL POSITION

	Note	2016 \$	2015 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	9	1,896,886	82,342
Trade and other receivables	10	15,877	5,352
Prepayments	11	293,233	-
<b>TOTAL CURRENT ASSETS</b>		2,205,996	87,694
<b>NON CURRENT ASSETS</b>			
Intangible assets	12	5,837,705	-
Property, plant & equipment	13	3,756	-
Investments	14	23,450	-
<b>TOTAL NON CURRENT ASSETS</b>		5,864,911	-
<b>TOTAL ASSETS</b>		8,070,907	87,694
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	15	180,812	37,876
Borrowings	16	-	28,285
<b>TOTAL CURRENT LIABILITIES</b>		180,812	66,161
<b>NON CURRENT LIABILITIES</b>			
Borrowings	17	-	209,141
<b>TOTAL NON CURRENT LIABILITIES</b>		-	209,141
<b>TOTAL LIABILITIES</b>		180,812	275,302
<b>NET LIABILITIES</b>		7,890,095	(187,608)
<b>EQUITY</b>			
Issued capital	18	61,770,160	53,103,984
Accumulated losses	19	(53,880,065)	(53,291,592)
<b>TOTAL EQUITY</b>		7,890,095	(187,608)

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

**REDCHIP INTERNATIONAL LIMITED – ANNUAL REPORT**  
 (Formerly VGP Corporation Limited)

**FOR THE YEAR ENDED 30 JUNE 2016**

**STATEMENT OF CHANGES IN EQUITY**

	Issued capital	Accumulated Losses	Total
	\$	\$	\$
<b>Balance at 1 July 2014</b>	53,103,984	(53,161,978)	(57,994)
Total Comprehensive Loss	-	(129,614)	(129,614)
<b>Balance at 30 June 2015</b>	53,103,984	(53,291,592)	(187,608)
<b>Balance at 1 July 2015</b>	53,103,984	(53,291,592)	(187,608)
Total Comprehensive Loss	-	(530,311)	(530,311)
Conversion and extinguishment of loans to equity	-	(58,162)	(58,162)
Shares issued	8,940,000	-	8,940,000
Cost of issuing equity	(273,824)	-	(273,824)
<b>Balance at 30 June 2016</b>	61,770,160	(53,880,066)	7,890,095

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

**REDCHIP INTERNATIONAL LIMITED – ANNUAL REPORT**  
 (Formerly VGP Corporation Limited)

**FOR THE YEAR ENDED 30 JUNE 2016**

**STATEMENT OF CASH FLOWS**

	Note	2016 \$	2015 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		237,064	-
Payments to suppliers and employees		(752,490)	(128,315)
Interest received		5,786	1,251
Interest paid		(1,563)	-
<b>Net cash provided by (used in) operating activities</b>	9(b)	(511,203)	(127,064)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for office equipment		(3,759)	-
		(3,759)	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from borrowings		150,000	209,141
Repayments of borrowings		(50,000)	-
Net proceeds from issued share capital		2,229,506	-
<b>Net cash provided by (used in) financing activities</b>		2,329,506	209,141
Net increase/(decrease) in cash and cash equivalents held		1,814,544	82,077
Cash and cash equivalents at beginning of financial year		82,342	265
<b>Cash and cash equivalents at end of financial year</b>	9(a)	1,896,886	82,342

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

# REDCHIP INTERNATIONAL LIMITED – ANNUAL REPORT

(Formerly VGP Corporation Limited)

FOR THE YEAR ENDED 30 JUNE 2016

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 1: GENERAL INFORMATION

Redchip International Limited (the Company) is a listed public company incorporated in Australia. The address of its registered office and principal is as follows:

#### Registered office

Level 36  
Governor Phillip Tower  
1 Farrer Place  
Sydney NSW 2000  
Australia

### NOTE 2: APPLICATION OF NEW AND REVISED ACCOUNTING STANDARDS

In the current year, the Company has applied two amendments to AASBs issued by the Australian Accounting Standards Board (AASB) that are mandatorily effective for an accounting period that begins on or after 1 July 2015, and therefore relevant for the current year end.

Standard/Interpretation
AASB 2015-3 'Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality'

The application of these amendments does not have any material impact on the disclosures or on the amounts recognised in the Company's financial statements.

### NOTE 3: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

#### (a) Basis of accounting

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

#### (b) Going concern

The financial report has been prepared on the going concern basis, which assumes that the Company will be able to realise its assets and discharge its liabilities in the normal course of business.

As at 30 June 2016, the Company had net assets of \$7,890,095 and, net current assets of \$2,025,184 and, in the year then ended, incurred a loss of \$530,311 and net operating cash outflows of \$511,203.

# **REDCHIP INTERNATIONAL LIMITED – ANNUAL REPORT**

(Formerly VGP Corporation Limited)

**FOR THE YEAR ENDED 30 JUNE 2016**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **NOTE 3: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT)**

The directors are satisfied that the going concern basis is appropriate in the preparation of the financial report based on the approved cash flow forecasts of the Company. Given the funds available at 30 June 2016, the Directors' are of the opinion that the Company has sufficient cash to be able to continue as a going concern.

#### **(c) Segment reporting**

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.

#### **(d) Foreign currency translation**

##### **Functional and presentation currency**

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Australian dollars, which is RedChip International Limited's functional and presentation currency.

##### **Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

#### **(e) Revenue Recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

##### **Sale of goods**

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Risks and rewards of ownership are considered passed to the buyer at the time of delivery of the goods to the customer.

##### **Rendering of services**

Revenue recognition relating to the provision of services is determined with reference to the stage of completion of the transaction at the end of the reporting period, where outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

##### **Interest income**

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

**REDCHIP INTERNATIONAL LIMITED – ANNUAL REPORT**  
(Formerly VGP Corporation Limited)

**FOR THE YEAR ENDED 30 JUNE 2016**

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 3: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)**

**(f) Trade and other receivables**

Trade receivables for the activities which generally have 14 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. Non-current trade and other receivables are discounted to their present value based on market rates of interest.

Collectability of trade receivables is reviewed on an ongoing basis. Individual debts that are known to be uncollectible are written off when identified. An allowance for impairment is recognised when there is objective evidence that the Company will not be able to collect the receivable. Financial difficulties of the debtor, default payments or overdue debts are considered objective evidence of impairment. The amount of the impairment loss is the receivable carrying amount compared to the present value of estimated future cash flows, discounted at the original effective Interest rate.

**(g) Plant and equipment**

Plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

**(h) Intangible assets**

**Intangible assets acquired separately**

Intangible assets with finite lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

**Derecognition of intangible assets**

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in profit or loss when the asset is derecognised.

**(i) Borrowings**

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost.

**(j) Borrowing Costs**

Borrowing costs are expensed as incurred (using effective interest rate method), except where they are directly attributable to the acquisition or construction of a qualifying asset, in which case they are capitalised as part of the asset. However, the Company does not have any qualifying assets in the reporting period.

**REDCHIP INTERNATIONAL LIMITED – ANNUAL REPORT**  
(Formerly VGP Corporation Limited)

**FOR THE YEAR ENDED 30 JUNE 2016**

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 3: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)**

**(k) Impairment of Assets**

At the end of each reporting period, the Company assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information including dividends received from subsidiaries deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

**(l) Cash and cash equivalents**

Cash and short-term deposits in the statement of financial position comprise cash at bank and in hand and short term deposits with an original maturity of 3 months or less.

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

**(m) Employee Leave Benefits**

**Short-term obligations**

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled wholly within 12 months after the end of the period in which the employees render the related services 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 liability for annual leave and accumulating sick leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

**Other long-term employee benefit obligations**

The liability for long service leave and annual leave which is not expected to be settled within 12 months after the end of the period in which the employees render the related service is recognised in the non-current provision for employee benefits 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 on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

**Employee benefit on-costs**

Employee benefit on-costs, including payroll tax, are recognised and included in employee benefit liabilities and costs when the employee benefits to which they relate are recognised as liabilities.

**(n) Financial Instruments**

**Recognition and initial measurement**

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Company commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

# REDCHIP INTERNATIONAL LIMITED – ANNUAL REPORT

(Formerly VGP Corporation Limited)

FOR THE YEAR ENDED 30 JUNE 2016

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 3: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

#### Classification and subsequent measurement

Financial instruments are subsequently measured at either of fair value, amortised cost using the effective interest rate method or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances valuation techniques are adopted.

Amortised cost is calculated as:

- the amount at which the financial asset or financial liability is measured at initial recognition;
- less principal repayments;
- plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and
- less any reduction for impairment.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

#### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period. (All other loans and receivables are classified as non-current assets.)

#### *Financial liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

#### **(o) Trade and other payables**

Trade payables and other payables are carried at cost and represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services.

#### **(p) Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability.

#### **(q) Income Tax**

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the statement of comprehensive income is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the end of the reporting period. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.



# REDCHIP INTERNATIONAL LIMITED – ANNUAL REPORT

(Formerly VGP Corporation Limited)

FOR THE YEAR ENDED 30 JUNE 2016

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 3: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the statement of comprehensive income when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the end of the reporting period. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

#### (r) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

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

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

#### (s) Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of business are not included in the cost of the acquisition as part of the purchase consideration.

**REDCHIP INTERNATIONAL LIMITED – ANNUAL REPORT**  
(Formerly VGP Corporation Limited)

**FOR THE YEAR ENDED 30 JUNE 2016**

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 3: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)**

**(t) Dividends**

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the financial year but not distributed at the end of the reporting date.

**(u) Earnings per share**

Basic earnings per share is calculated as net profit attributable to members of the Parent Entity, adjusted to exclude any costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares and adjusted for any bonus element.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

**(v) Comparatives**

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

**(w) Standards and Interpretations on issue not yet adopted**

At the date of authorisation of the financial statements, the Standards and Interpretations that were issued but not yet effective are listed below.

<b>Standard/Interpretation</b>	<b>Effective for annual reporting periods beginning on or after</b>	<b>Expected to be initially applied in the financial year ending</b>
AASB 9 'Financial Instruments', and the relevant amending standards	1 January 2018	30 June 2019
AASB 16 'Leases'	1 January 2019	30 June 2020
AASB 15 'Revenue from Contracts with Customers' AASB 2014-5 'Amendments to Australian Accounting Standards arising from AASB 15' AASB 2015-8 'Amendments to Australian Accounting Standards – Effective date of AASB 15'	1 January 2018	30 June 2019
AASB 2015-1 'Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle' AASB 2015-2 'Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101'	1 January 2016	30 June 2017
AASB 2016-1 'Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses'	1 January 2017	30 June 2018
AASB 2016-2 'Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107'	1 January 2017	30 June 2018

At the date of authorisation of the financial statements, the following IASB Standards and IFRIC Interpretations (for which Australian equivalent Standards and Interpretations have not yet been issued) were in issue but not yet effective:

**REDCHIP INTERNATIONAL LIMITED – ANNUAL REPORT**  
(Formerly VGP Corporation Limited)

FOR THE YEAR ENDED 30 JUNE 2016

NOTES TO THE FINANCIAL STATEMENTS

NOTE 3: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
Clarifications to IFRS 15 'Revenue from Contracts with Customers'	1 January 2018	30 June 2019

The impact of these recently issued or amended standards and interpretations are not expected to have a material impact on the Company.

NOTE 4: FINANCIAL RISK MANAGEMENT

**Objectives and policies and financial instruments**

The Company's financial instruments consist mainly of deposits with banks, accounts receivable and accounts payable.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	Note	2016 \$	2015 \$
<b>Financial assets</b>			
Cash and cash equivalents	9	1,896,886	82,342
<b>Total financial assets</b>			
<b>Financial liabilities</b>			
Trade and other payables	12	180,812	37,876
Borrowings – current	13	-	28,285
Borrowings – non-current	14	-	209,141
<b>Total Financial liabilities</b>		180,812	275,302

**Financial Risk Management Policies**

The Board of Directors monitors the Company's financial risk management policies and exposures and approves financial transactions. It also reviews the effectiveness of internal controls relating to counterparty credit risk, currency risk, liquidity risk and interest rate risk. For the reasons noted in the Corporate Governance Statement, page 4, the Company has not operated its Financial Risk Management policies for the full year.

**Specific Financial Risk Exposures and Management**

The main risks the Company is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk, foreign currency risk and other price risk (equity price risk).

**Credit risk**

There are no significant concentrations of credit risk within the Company.

With respect to credit risk arising from the other financial assets of the Company, which comprise cash and cash the Company's exposure to credit risk arises from default of the counter party, with a maximum exposure equal to the carrying amount of these instruments.

# REDCHIP INTERNATIONAL LIMITED – ANNUAL REPORT

(Formerly VGP Corporation Limited)

FOR THE YEAR ENDED 30 JUNE 2016

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 4: FINANCIAL RISK MANAGEMENT (Cont.)

#### Liquidity risk

Liquidity risk arises from the possibility that the Company might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities.

The details of the maturity profile of the Company's financial liabilities based on undiscounted payments are as follows:

<b>30 June 2016</b>	<b>1 year</b>	<b>1-5 years</b>	<b>5+ years</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Other payables	180,812	-	-	180,812
Borrowings	-	-	-	-
	<u>180,812</u>	<u>-</u>	<u>-</u>	<u>180,812</u>

  

<b>30 June 2015</b>	<b>1 year</b>	<b>1-5 years</b>	<b>5+ years</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Other payables	37,876	-	-	37,876
Borrowings	28,285	209,141	-	237,426
	<u>66,161</u>	<u>209,141</u>	<u>-</u>	<u>275,302</u>

#### Market risk

##### *Interest rate risk*

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The financial instruments that primarily expose the Company to interest rate risk are borrowings and cash and cash equivalents. The Company is not aware of any significant risk relating to interest rates.

##### *Foreign exchange risk*

Exposure to foreign exchange risk may result in the fair value or future cash flows of a financial instrument fluctuating due to movement in foreign exchange rates of currencies in which the Company holds financial instruments which are other than the AUD functional currency of the Company. The Company is not aware of any such risk.

##### *Other price risk*

Other price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices largely due to demand and supply factors (other than those arising from interest rate risk or currency risk) for commodities. The Company is not aware of any such risk.

#### Sensitivity analysis

The following table illustrates sensitivities to the Company's exposures to changes in interest rates and equity prices. The table indicates the impact on how profit and equity values reported at balance date would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

**REDCHIP INTERNATIONAL LIMITED – ANNUAL REPORT**  
(Formerly VGP Corporation Limited)

**FOR THE YEAR ENDED 30 JUNE 2016**

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 4: FINANCIAL RISK MANAGEMENT (Cont.)**

	<b>Profit</b>	<b>Equity</b>
	<b>\$</b>	<b>\$</b>
<b>Year to 30 June 2016</b>		
+/- 100 basis points in interest rates	18,969	18,969
<b>Year to 30 June 2015</b>		
+/- 100 basis points in interest rates	823	823

The above interest rate sensitivity analysis has been performed on the assumption that all other variables remain unchanged.

**NOTE 5: CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

**Critical accounting estimates and assumptions**

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

**Intangibles and amortisation**

During the year ended 30 June 2016, RedChip International Ltd entered into an Intellectual Property Deed (IP Deed) agreement with RedChip Companies Inc (refer to note 12 for details). The term of the agreement is for a period of ten years from the date of the IP Deed. The consideration to be paid by RedChip International Ltd is 30,000,000 ordinary fully paid shares as well as 5,000,000 Deferred Consideration Shares. The value of the ordinary shares at the date of the IP Deed was \$0.20 per share, which is the value that the Directors attributed to the transaction, giving a value of \$6,000,000. This amount is to be amortised over the term of the IP Deed, being 10 years.

**NOTE 6: SEGMENT INFORMATION**

The directors have considered the requirements of AASB 8 Operating Segments and the internal reports that are reviewed by the chief operating decision maker (the Board) in allocating resources and have concluded at this time that there are no separately identifiable segments. The Company operates solely as a provider of investor relations, financial media and research for small-mid cap stocks.

**REDCHIP INTERNATIONAL LIMITED – ANNUAL REPORT**  
(Formerly VGP Corporation Limited)

FOR THE YEAR ENDED 30 JUNE 2016

NOTES TO THE FINANCIAL STATEMENTS

NOTE 7: REVENUE AND OTHER INCOME

	2016 \$	2015 \$
<b>Income</b>		
Other revenue		
Business income	272,639	-
Interest received	5,786	1,251
	278,425	1,251
<b>Expenses</b>		
Professional fees	(239,847)	(71,009)
ASX listing fees	(27,582)	(27,501)
Employment expenses	(189,089)	-
Support Services Agreement	(93,931)	-
Amortisation expense	(162,295)	-

NOTE 8: INCOME TAX

	2016 \$	2015 \$
<b>a. The components of tax expense/(benefit) comprise:</b>		
Current tax	-	-
Deferred tax	-	-
	-	-
<b>b. The prima facie tax on profit/(loss) from ordinary activities before income tax is reconciled to the income tax as follows:</b>		
Prima facie tax (benefit)/expense on (loss)/profit from ordinary activities before income tax at 30% (2015: 30%)	(159,093)	(38,884)
Non-assessable income	-	-
Non deductible amounts	64,330	33,711
Tax losses not recognised	94,763	5,173
	-	-

The franking account balance of the Company at 30 June 2016 is nil (30 June 2015: nil).

The available gross tax losses of the Company at 30 June 2016 are \$315,878 (30 June 2015: \$1,973).

**REDCHIP INTERNATIONAL LIMITED – ANNUAL REPORT**  
(Formerly VGP Corporation Limited)

FOR THE YEAR ENDED 30 JUNE 2016

NOTES TO THE FINANCIAL STATEMENTS

NOTE 9: CASH & CASH EQUIVALENTS

	2016 \$	2015 \$
Cash at bank and in hand	1,896,906	82,342

**9(a) Reconciliation to Statement of Cash Flows**

For the purposes of the Statement of Cash Flows, cash and cash equivalents comprise the following at 30 June:

	2016 \$	2015 \$
Cash at bank and in hand	1,896,906	82,342

**9(b) Reconciliation of Cash Flows from Operations with Profit after income Tax**

Profit/(Loss) after income tax	(530,311)	(129,614)
<i>Non-cash flows in profit:</i>		
Depreciation and amortisation	162,298	-
Other non-cash expenses	17,632	-
<b>Operating profit/(loss) before changes in working capital and provisions</b>	<b>(350,381)</b>	<b>(129,614)</b>
Changes in assets and liabilities:		
(Increase)/decrease in trade and other receivables	(10,525)	5,137
(Increase)/decrease in prepayments	(293,233)	-
Increase/(decrease) in trade and other payables	142,936	(2,587)
<b>Net cash flow from operations</b>	<b>(511,203)</b>	<b>(127,064)</b>

NOTE 10: TRADE AND OTHER RECEIVABLES

	2016 \$	2015 \$
<b>CURRENT</b>		
Trade receivables	13,338	-
Other receivables	2,539	5,352
Total current trade and other receivables	15,877	5,352

NOTE 11: PREPAYMENTS

	2016 \$	2015 \$
<b>CURRENT</b>		
Prepayments	293,233	-
Total prepayments	293,233	-

**REDCHIP INTERNATIONAL LIMITED – ANNUAL REPORT**  
(Formerly VGP Corporation Limited)

**FOR THE YEAR ENDED 30 JUNE 2016**

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 12: INTANGIBLE ASSETS**

	2016 \$	2015 \$
<b>Carrying amounts of</b>		
Intellectual Property Deed (IP Deed)	5,837,705	-
Total intangible assets	<u>5,837,705</u>	<u>-</u>
	<b>IP Deed \$</b>	<b>Total \$</b>
<b>Cost</b>		
Balance at beginning of year	-	-
Purchase	6,000,000	6,000,000
Balance at end of financial year	<u>6,000,000</u>	<u>6,000,000</u>
	<b>IP Deed \$</b>	<b>Total \$</b>
<b>Accumulated amortisation and impairment</b>		
Balance at beginning of year	-	-
Amortisation expense	(162,295)	(162,295)
Balance at end of financial year	<u>(162,295)</u>	<u>(162,295)</u>

**Intellectual Property Deed**

During the year ended 30 June 2016, RedChip International Ltd entered into an Intellectual Property Deed (IP Deed) agreement with RedChip Companies Inc. The IP Deed allows for RedChip International Ltd to acquire and exploit the materials as set out in the IP Deed for the world outside of North and South America and online. RedChip Companies Inc assigns all Intellectual Property Rights in the materials set out in the IP Deed outside of North and South America subject to the provisions of the IP Deed, for a period of ten years from the date of the IP Deed. The consideration to be paid by RedChip International Ltd is 30,000,000 ordinary fully paid shares as well as 5,000,000 Deferred Consideration Shares.



**REDCHIP INTERNATIONAL LIMITED – ANNUAL REPORT**  
(Formerly VGP Corporation Limited)

FOR THE YEAR ENDED 30 JUNE 2016

NOTES TO THE FINANCIAL STATEMENTS

NOTE 13: PROPERTY, PLANT & EQUIPMENT

	2016 \$	2015 \$
<b>Carrying amounts of</b>		
Office equipment	3,756	-
Total property, plant & equipment	3,756	-
	<b>Office equipment \$</b>	<b>Total \$</b>
<b>Cost</b>		
Balance at beginning of year	-	-
Purchase	3,759	3,759
Balance at end of financial year	3,759	3,759
	<b>Office equipment \$</b>	<b>Total \$</b>
<b>Accumulated depreciation and impairment</b>		
Balance at beginning of year	-	-
Depreciation expense	(3)	(3)
Balance at end of financial year	(3)	(3)

NOTE 14: INVESTMENTS

	2016 \$	2015 \$
Balance at beginning of year	-	-
Shares granted	23,450	-
Balance at end of financial year	23,450	-

During the year, RedChip International Ltd were granted 335,000 shares in Actinogen Medical Ltd at a price of \$0.07 per share in lieu of payment for services provided to Actinogen Medical Ltd.

NOTE 15: TRADE AND OTHER PAYABLES

	2016 \$	2015 \$
Trade payables	26,837	-
Interest payable on related party loan	-	19,608
Other payables	153,975	18,268
Total current trade and other payables	180,812	37,876

Trade payables and other payables and accruals are non-interest bearing and are normally settled on 30 days - 150 days terms.

**REDCHIP INTERNATIONAL LIMITED – ANNUAL REPORT**  
(Formerly VGP Corporation Limited)

**FOR THE YEAR ENDED 30 JUNE 2016**

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 16: BORROWINGS - CURRENT**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Balance at beginning of year	28,285	500
Loan – Petra Commodities Pte Ltd (reclassified from non-current in 2015)	-	27,785
(Amount converted to shares)	(28,285)	-
Balance at end of financial year	<u>-</u>	<u>28,285</u>

Petra Commodities Pte Ltd is a director related entity.

**NOTE 17: BORROWINGS – NON CURRENT**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Balance at beginning of year	209,141	27,785
Loan – Petra Commodities Pte Ltd (reclassified to current in 2015)	-	(27,785)
Shareholder loan – Petra Pacific Pte Ltd	100,000	209,141
(Extinguishment of Petra Pacific loan)	(309,141)	-
Balance at end of financial year	<u>-</u>	<u>209,141</u>

Petra Pacific Pte Ltd is a shareholder of the Company.

On 3 September 2014, the Company entered into a loan agreement with Petra Pacific Pte Ltd for \$150,000 at 12% per annum interest, unsecured and repayable on the earlier of:

- 24 months,
- When the Company enters into a recapitalisation event or,
- The Lender or any of its subsidiaries ceases to own at least 51% of the Company provided that RedChip International Ltd (formerly VGP Corporation Ltd) raises sufficient surplus funds to continue as a going concern.

On 31 December 2014, the Company entered into a loan agreement with Petra Pacific Pte Ltd for \$27,500, unsecured and repayable on the earlier of:

- 24 (twenty-four) months,
- When the Company enters a recapitalisation event; or
- The Lender or any of its subsidiaries ceases to own at least 51% of the Company provided that RedChip International Ltd (formerly VGP Corporation Ltd) raises sufficient surplus funds to continue as a going concern.

On 30 June 2015, the Company entered into a loan agreement with Petra Pacific Pte Ltd for \$31,641, unsecured and repayable on the earlier of:

- 24 (twenty-four) months,
- When the Company enters a recapitalisation event; or
- The Lender or any of its subsidiaries ceases to own at least 51% of the Company provided that RedChip International Ltd (formerly VGP Corporation Ltd) raises sufficient surplus funds to continue as a going concern.

On 18 March 2016, the loan from Petra Pacific Pte Ltd was extinguished with no consideration in return and the loan with Petra Commodities Pte Ltd was converted into 2,000,000 fully paid ordinary shares at the fair value of RedChip International Ltd shares on the date of conversion. The loss on conversion and extinguishment has been recorded in Retained Earnings as this in substance is deemed to be a profit distribution in nature to a shareholder.

**REDCHIP INTERNATIONAL LIMITED – ANNUAL REPORT**  
(Formerly VGP Corporation Limited)

FOR THE YEAR ENDED 30 JUNE 2016

NOTES TO THE FINANCIAL STATEMENTS

NOTE 18: ISSUED CAPITAL

<b>a) Issued and paid up capital</b>	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Fully paid ordinary shares at the beginning of the year	53,103,984	53,103,984
Shares issued during the year	2,500,000	-
Shares issued under the IP Deed (refer to note 12)	6,000,000	-
Shares issued on conversion of loans	440,000	-
Capital raising costs	(273,824)	-
Fully paid ordinary shares at end of the year	61,770,160	53,103,984

Fully paid ordinary shares carry one vote per share and carry the right to dividends. Fully paid ordinary shares participate in the winding up of the parent entity in proportion to the number of securities held.

**Capital Management**

Management controls the capital of the Company in order to maintain a sustainable debt to equity ratio, generate long-term shareholder value and ensure that the Company can fund its operations and continue as a going concern. The Company's debt and capital includes ordinary share capital and financial liabilities, supported by financial assets.

The Company is not subject to any externally imposed capital requirements.

<b>b) Movement in shares on issue</b>	<b>2016</b>	<b>2015</b>
	<b>No.</b>	<b>No.</b>
Balance at beginning of financial year	106,587,499	106,587,499
Share consolidation*	(79,940,441)	-
<i>Shares issued post consolidation:</i>		
18 March 2016	44,500,000	-
Balance at end of financial year	71,147,058	106,587,499

\*On 21 December 2015, in an Extraordinary General Meeting of shareholders, the company passed a motion to consolidate the existing company shares on a one for four basis.

On 18 March 2016, 44,500,000 shares were issued. 30,000,000 shares were issued as consideration under the Intellectual Property Deed to RedChip Companies Inc, a company controlled by Raymond Davis Gentry, at a value of \$0.20 per share. 12,500,000 shares were issued under the prospectus offer, raising \$2,500,000. 2,000,000 shares were issued to Petra Commodities Pte Ltd, a company controlled by Alberto Migliucci, on the conversion of a convertible loan made by it and Petra Pacific Pte Ltd, another company controlled by Alberto Migliucci, at a value of \$0.22 per share.

NOTE 19: ACCUMULATED LOSSES

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Balance at beginning of year	(53,291,592)	(53,161,978)
Total comprehensive loss for the year	(530,311)	(129,614)
Conversion of Petra Commodities loan to equity	(58,162)	-
Balance at end of financial year	(53,880,066)	(53,291,592)

**REDCHIP INTERNATIONAL LIMITED – ANNUAL REPORT**  
(Formerly VGP Corporation Limited)

**FOR THE YEAR ENDED 30 JUNE 2016**

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 20: INTEREST OF KEY MANAGEMENT PERSONNEL (KMP)**

Refer to the Remuneration Report contained in the Directors' Report for details of the remuneration paid or payable to each member of the Company's key management personnel for the year ended 30 June 2016.

The key management personnel during the years ended 30 June 2016 and 2015 were as follows:

<b>2016</b>	<b>2015</b>
Mr Yuen Loke Chin	Mr Yuen Loke Chin
Mr Kasudjono Harianto	Mr Kasudjono Harianto
Mr Michael Thirnbeck	Mr Michael Thirnbeck
Mr Alberto Migliucci	Mr Alberto Migliucci
Mr Raymond Davis Gentry – Resigned 26 May 2016	

The totals of remuneration paid to KMP of the Company during the year are as follows:

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Short-term employee benefits	189,089	-
Post-employment benefits	-	-
Share-based payments	-	-
	189,089	-

The number of shares in the Company held during the financial year by each Director of RedChip International Ltd and Key Management Personnel of the Company, including their related entities, are set out below:

<b>2016</b>	<b>Balance at the start of the year</b>	<b>Changes during the year</b>	<b>Balance at the end of the year</b>
<b>Directors of RedChip International Limited Ordinary shares</b>			
Yuen Loke Chin	-	-	-
Kasudjono Harianto	-	-	-
Michael Thirnbeck	-	-	-
Alberto Migliucci#	23,821,863	2,000,000	25,821,863
Raymond Davis Gentry*+	-	30,000,000	30,000,000

# 23,821,863 shares are held by Petra Pacific Pte Ltd and 2,000,000 shares are held by Petra Commodities Pte Ltd

\* Appointed 23 March 2016 – balance at the start of the year represents the balance at this date

+ Resigned 26 May 2016 – balance at the end of the year represents the balance at this date. All shares are held by RedChip Companies Inc

**REDCHIP INTERNATIONAL LIMITED – ANNUAL REPORT**  
(Formerly VGP Corporation Limited)

FOR THE YEAR ENDED 30 JUNE 2016

NOTES TO THE FINANCIAL STATEMENTS

NOTE 20: INTEREST OF KEY MANAGEMENT PERSONNEL (KMP) (Cont.)

2015	Balance at the start of the year	Changes during the year	Balance at the end of the year
<b>Directors of RedChip International Limited Ordinary shares</b>			
Yuen Loke Chin	-	-	-
Kasudjono Harianto	-	-	-
Michael Thirnbeck	-	-	-
Alberto Migliucci#	23,821,863	-	23,821,863

# Appointed 13 October 2014 – balance at the start of the year represents the balance at this date. All shares are held by Petra Pacific Pte Ltd

NOTE 21: DIVIDENDS

No dividends were paid to members during the financial year or prior year.

NOTE 22: AUDITOR'S REMUNERATION

The remuneration of auditors will be paid in the year ended 30 June 2016 as part of the completion of the audits and half-year reviews for recompliance of the Company's reporting requirements.

	2016 \$	2015 \$
Audit or review of financial statements	33,750	20,000
Other services - Tax	8,475	15,800
	42,225	35,800

NOTE 23: CONTINGENT LIABILITIES AND CONTINGENT ASSETS

As part of the Intellectual Property Deed entered into between RedChip Companies Inc and RedChip International Ltd, RedChip International Ltd will issue Deferred Consideration Shares to RedChip Companies Inc on the achievement of an EBITDA of either between \$2,000,000 to \$4,000,000 or over \$4,000,000 in any financial year within 36 months of satisfaction of the conditions precedent as set out in the Intellectual Property Deed. As the RedChip business only commenced in April 2016, the Board is currently of the opinion that it is currently too early to estimate what the EBITDA will be going forward for these purposes.

# REDCHIP INTERNATIONAL LIMITED – ANNUAL REPORT

(Formerly VGP Corporation Limited)

FOR THE YEAR ENDED 30 JUNE 2016

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 24: RELATED PARTIES

#### Transactions with related parties:

Transactions between other related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The following transactions occurred with related parties during 2016:

- \$100,000 was lent to RedChip International Limited (Formerly VGP Corporation Limited) from Petra Pacific Pte Ltd. See note 17 for more details.
- 2,000,000 ordinary shares were issued to Petra Commodities Pte Ltd in satisfaction of the loans made to the Company by both Petra Commodities Pte Ltd and Petra Pacific Pte Ltd. See note 16 and note 17 for more details.
- 30,000,000 shares were issued as consideration under the Intellectual Property Deed to RedChip Companies Inc
- \$350,000 was paid to RedChip Companies Inc in relation to the Support Services Agreement
- \$26,367 was charged to the Company on the related party loan.

No amounts were outstanding to other related parties at the end of the year.

The following transactions occurred with related parties during 2015:

- \$209,141 was lent to RedChip International Limited (Formerly VGP Corporation Limited) from Petra Pacific Pte Ltd. See note 17 for more details.
- \$18,072 was charged to the Company on the related party loan. Please refer to note 15 for total interest payable on the related party loan.

### NOTE 25: SUBSEQUENT EVENTS

On 29 August 2016, the Company terminated the Support Services (SSA) Agreement with RedChip Companies Inc. pursuant to the terms of the SSA, which permits termination for more than 4 breaches of the SSA. As a result of the termination of the SSA, the Company will no longer be entitled to the services of RedChip Companies Inc. under the SSA. The Company and its third party suppliers will perform all back office, operational and sales and marketing functions itself.

### NOTE 26: EARNINGS PER SHARE

Basic earnings/(loss) per share amounts are calculated by dividing net profit/(loss) for the year attributable to ordinary equity holders of the Parent Entity by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit/(loss) attributable to ordinary equity holders of the Parent Entity by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflects the income and share data used in the basic and diluted earnings/(loss) per share computations:

	2016	2015
	\$	\$
Profit/(Loss) for the year attributable to members	(530,311)	(129,614)
	No.	No.
Weighted average number of ordinary shares for basic earnings per share	39,291,867	26,647,058
Effect of dilution	-	-
Weighted average number of ordinary shares adjusted for the effect of dilution	39,291,867	26,647,058

**REDCHIP INTERNATIONAL LIMITED – ANNUAL REPORT**  
(Formerly VGP Corporation Limited)

**FOR THE YEAR ENDED 30 JUNE 2016**

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 27: COMMITMENTS**

At 30 June 2016, as part of the Support Services Agreement (SSA) entered into between RedChip Companies Inc and RedChip International Ltd, RedChip International Ltd was committed to paying \$800,000 to RedChip Companies Inc for the support services that had been agreed between the two parties as follows:

- \$350,000 was paid during the year ended 30 June 2016
- \$350,000 was payable during the financial year ended 30 June 2017, with \$175,000 payable in September 2016 and 2 equal instalments of \$87,500 in December 2016 and March 2017
- \$100,000 was payable in equal monthly amounts commencing 15 months after completion of the commencement date and ceasing on the expiry of the term.

As detailed in Note 25, the Company has since terminated the SSA and is no longer permitted to making these payments. The Company had no other commitments as at 30 June 2016.

The Company had no commitments as at 30 June 2015.

**Note 28: NAME CHANGE**

On 21 December 2015, a resolution was carried at the EGM to change the name of the company to RedChip International Limited.

**REDCHIP INTERNATIONAL LIMITED – ANNUAL REPORT**  
(Formerly VGP Corporation Limited)

**FOR THE YEAR ENDED 30 JUNE 2016**

**DIRECTORS DECLARATION**

The Directors declare that:

1. In the directors opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including:
  - (a) giving a true and fair view of the Company's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
  - (b) complying with Accounting Standards and Corporations Regulations 2001; and
2. In the directors' opinion, the attached financial statements are in compliance with International Financial Reporting Standards as stated in note 3(a) to the financial statements;
3. In the directors opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
4. As previously disclosed, the Chief Executive Officer and Chief Finance Officer have resigned from their positions and have not provided declarations required by S295A of the Corporation Act 2001.

Signed in accordance with a resolution of the board of directors of RedChip International Ltd



**Yuen Loke Chin**  
**Director**  
**28 September 2016**



## **Independent Auditor's Report to the Members of Redchip International Limited**

### ***Report on the Financial Report***

We have audited the accompanying financial report of Redchip International Limited, which comprises the statement of financial position as at 30 June 2016, the statement of profit or loss and other comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the entity as set out on pages 16 to 40.

### *Directors' Responsibility for the Financial Report*

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 3, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

### *Auditor's Responsibility*

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

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

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

## *Auditor's Independence Declaration*

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

## **Opinion**

In our opinion:

- (a) the financial report of Redchip International Limited is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the company's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial statements also comply with International Financial Reporting Standards as disclosed in Note 3.

## **Report on the Remuneration Report**

We have audited the Remuneration Report included in pages 12 to 14 of the directors' report for the year ended 30 June 2016. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

## **Opinion**

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

*Deloitte Touche Tohmatsu*  
DELOITTE TOUCHE TOHMATSU



Joshua Tanchel  
Partner  
Chartered Accountants  
Sydney, 28 September 2016

**REDCHIP INTERNATIONAL LIMITED – ANNUAL REPORT**  
(Formerly VGP Corporation Limited)

**FOR THE YEAR ENDED 30 JUNE 2016**

**ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES – UNAUDITED**

The following additional information is required by the ASX Limited in respect of listed public companies only. Shareholders information set out below was applicable at 31 August 2016.

**1. Shareholdings**

a. Distribution of Shareholders

Category	Number of equity security holders	
	Ordinary shares	
1 - 1,000		437
1,001 - 10,000		399
10,001 - 100,000		61
100,001 and over		17

b. The number of shareholdings held in less than marketable parcel is 644.

c. The names of the substantial shareholders listed in the holding company's register are:

Shareholder	Number Ordinary
RedChip Companies Inc.	30,000,000
Petra Pacific Pte Ltd	23,821,863

d. Voting rights

The voting rights attached to each class of equity security are as follows:

Ordinary shares

- Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

**REDCHIP INTERNATIONAL LIMITED – ANNUAL REPORT**  
(Formerly VGP Corporation Limited)

**FOR THE YEAR ENDED 30 JUNE 2016**

**ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES – UNAUDITED**

e. 20 Largest Shareholders – Ordinary Shares

	<b>Name</b>	<b>Number of Ordinary Fully Paid Shares Held</b>	<b>% Held of Issued Ordinary Capital</b>
1	RedChip Companies Inc	30,000,000	42.17%
2	Petra Pacific Pte Ltd	23,821,863	33.48%
3	Whatt Ng Han	3,500,000	4.92%
4	Petra Commodities Pte Ltd	2,000,000	2.81%
5	Muliawan Rolex	1,115,000	1.57%
6	Tuan Daniel Yeo Chin	893,438	1.26%
7	Taraville PL	859,961	1.21%
8	Diamond Mountain Wealth C	750,000	1.05%
9	Gioquest Ltd	700,000	0.98%
10	German Bulk Carrier Inc	500,000	0.70%
11	Ooi Douglas	500,000	0.70%
12	Kim Leslie Kuek Bak	500,000	0.70%
13	Crossroads Inv Pte Ltd	428,135	0.60%
14	Guildford Entps Ltd	350,000	0.49%
15	Baek Kwon Woo	300,000	0.42%
16	Hunter J J + R M L	130,045	0.18%
17	Henderson Noel R + J	100,109	0.14%
18	Mishtalem PL	78,641	0.11%
19	Torrington Fiona Helen	77,202	0.11%
20	HSBC Custody Nom Aust Ltd	72,135	0.10%
		<b>66,676,529</b>	<b>93.70%</b>

**2. Stock Exchange Listing**

Quotation has been granted for all the ordinary shares issued by the company on all Member Exchanges of the Australian Securities Exchange Limited (ASX).

**3. Difference in results reported to Australian Securities Exchange**

The results reported to the ASX in the preliminary final report do not differ from those reported in the annual report.